

FBIS

DAILY REPORT

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CHEN MUHUA MEETS LIBYAN, UN VISITORS 17 DEC

OW171650 Beijing XINHUA in English 1635 GMT 17 Dec 84

[Text] Beijing, December 17 (XINHUA) -- Chen Muhua, Chinese state councillor and minister of foreign economic relations and trade, met a Libyan delegation of heavy industry led by 'Ali M. al-Gheriani, secretary of the directors committee of the Secretariat of Heavy Industries, here today.

She also met on the same occasion Herbert May, deputy director of the policy coordination division and head of the program development and evaluation branch of the United Nations Industrial Development Organization (UNIDO).

They exchanged views on further developing economic, trade and technical cooperation between China and Libya, and on expanding friendly relations of cooperation between China and UNIDO.

After the meeting, a memorandum of understanding on industrial cooperation was signed by Qi Yuanjing, Chinese vice-minister of the metallurgical industry, and al-Gheriani and May on behalf of their respective sides.

The visitors arrived here on December 10 at the invitation of the Chinese Ministry of the Metallurgical Industry.

LI XIANNIAN MEETS BELGIAN, TURKISH, PDRY ENVOYS

OW181224 Beijing XINHUA in English 1201 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- President Li Xiannian met three new ambassadors to China here this afternoon. The new envoys, Hazar Behic from Turkey, Ibrahim 'Abdallah Saidi from the People's Democratic Republic of Yemen and Jan Hollants Van Loocke from Belgium, had presented their credentials to Vice-President Ulanhu.

Also this afternoon, President Li accepted the credentials presented by the new Ambassador of the Yemen Arab Republic, Hussayn 'Abd al-Khalil al-Galal. Assistant Foreign Minister Zhou Jue was present for the occasion. Al-Galal arrived in Beijing on December 10.

RENMIN RIBAO ON U.S. GERM WARFARE TESTING

HK180914 Beijing RENMIN RIBAO in Chinese 17 Dec 84 p 6

["Random Note" by Tan Feng: "Dangerous Germ Warfare"]

[Text] This story goes back to 1964 and 1965. At that time, at a Washington airport in the United States and at some bus terminals in the downtown areas, some shady people appeared. They walked back and forth among the crowded travelers, carrying suitcases of a special design. The good and honest travelers did not notice that sprayers hidden in the suitcases carried by these people were emitting invisible puffs of germs on the bodies of the travelers! These people were special agents of the U.S. Army who were carrying out a secret special test of "germ dissemination" with the aim of studying "how the enemy can carry out propagation of diseases such as smallpox." The result of the test was "terrible." "The germ-bearing travelers carried the germs to more than 200 cities," and "New York, Washington, Boston, Chicago, and Los Angeles suffered the highest degrees of infection...."

These scenes of secret tests were disclosed in some documents from the U.S. military sector. According to the documents, the bacilli sprayed on the travelers during the "test" were "harmless germ species."

What is worth the attention of people is that in order to offer an excuse for this action, the relevant authorities declared that these "tests" conducted 20 years ago were for the purpose of studying how the "enemy" would carry out germ warfare. What is the situation today? According to reports, in Utah in the United States, there is Dugway Proving Grounds which is specially devoted to the "defense research of anti-chemical and antibiological warfare," and plans have been made to expand the scale of this test ground.

In reality, the so-called "antigerm warfare" is actually preparation for conducting germ warfare. A news agency in the United States pointed out sharply: The United States signed the treaty on prohibiting biological weapons in 1972, but its research work is still in progress. Since the people of the United States and of other countries could be unknowingly used as specimens for conducting tests in germ warfare 20 years ago, what grounds are there today sufficient for people to believe that they no longer carry out these kind of "tests?" At a time when the peace-loving people of the world are demanding reduction of nuclear weapons and an end to the arms race, it is of crucial importance not to forget also stopping dangerous germ warfare.

USSR'S AKHROMEYEV CITED ON DEFENSE BUILDUP

OW181844 Beijing XINHUA in English 1831 GMT 18 Dec 84

[Text] Moscow, December 18 (XINHUA) -- Chief of the General Staff of the Soviet Armed Forces, Sergei F. Akhromeyev, said that the Soviet Union should enhance its defence capabilities in the face of an unprecedented arms race launched by the United States.

The Army daily RED STAR reported today that Akhromeyev said this when he addressed a just-ended conference of activists of the General Staff.

He accused Washington of formulating an all-embracing military technological program and mobilizing its vast scientific potentials and a considerable portion of its economic strength to serve its strategic objectives.

Earlier on December 16, the party paper PRAVDA said in a commentary that at the winter conference of the NATO leadership, the United States seemed to have succeeded in persuading its NATO allies to join in a new round of dangerous arms race, both nuclear and conventional. The meeting also confirmed the timetable for the deployment in Western Europe of America's first strike force -- Pershing two and cruise missiles.

Again in a commentary yesterday, the same paper said that the intensified arms race mounted by the United States and other NATO members has aroused doubts about Washington's sincerity in seeking progress in its talks with the Soviet Union.

The comments by the Soviet military leader and PRAVDA suggest that the Soviet-U.S. talks on nuclear and space arms early next year will be an arduous process.

B E I J I N G O N P R C - U S S R S T U D E N T E X C H A N G E S

OW181748 Beijing in Russian to the USSR 1800 GMT 16 Dec 84

[Text] On 15 December, at the all-China conference on work with foreign students studying in China, Li Peng, vice premier of China's State Council, urged the officials responsible for the admission of foreign students to perform their work conscientiously and provide all the proper living and studying facilities for foreign students. Li Peng said: By properly organizing this work we thus strengthen friendship and cooperation between China and the people of various countries in the world. This will also be a demonstration of our sincere aid to Third World countries in the training of specialists.

In 1984 China admitted 1,300 foreign students; in addition, 4,000 came for short-term courses. They are being educated at 55 higher education schools in Shanghai, Beijing, Guangzhou, Tianjin, and other cities.

Another report says that according to an agreement between the PRC and the USSR on mutual student exchange, China admitted 79 Soviet students during the 1983-84 year; in 1984, 69 students came to China from the USSR. Soviet students are studying at Beijing University, Nanjing University, Liaoning University, (Sodami) Institute in Shanghai; Nankai University in Tianjin and others at 9 Chinese higher educational establishments. They are studying the Chinese language, Chinese medicine, bridge building, inorganic chemistry, acoustics, political economy, journalism, and other subjects.

Mutual student exchange contributes to relations between China and the Soviet Union in the fields of culture, science, and technology and also contributes toward mutual understanding between the people of the two countries.

WAN LI MEETS DPRK CONSTRUCTION MINISTER

OW181244 Beijing XINHUA in English 1203 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- Chinese Vice-Premier Wan Li met here this afternoon with a Korean goodwill delegation led by Cho Chol-chun, minister of construction of the Democratic People's Republic of Korea.

Wan Li briefed the Korean comrades on China's urban and rural reforms and housing construction. Cho Chol-chun said that purpose of his delegation's current visit to China is to acquaint themselves with Chinese people's achievements under the leadership of the Chinese Communist Party.

Present on the occasion were Rui Xingwen, minister of urban and rural construction and environmental protection, and Kim Chan-gu, minister-counsellor of the Korean Embassy here.

The Korean comrades arrived here on December 16 at the invitation of the Ministry of Urban and Rural Construction and Environmental Protection. They will tour Shanghai, Guangzhou and Shenzhen after visiting Beijing.

DPRK-PRC FRIENDSHIP FILM SHOWN IN PYONGYANG

SK180735 Beijing International Service in Korean 1100 GMT 17 Dec 84

[Text] Last night Mansudae Television Broadcasting Station of Korea showed a documentary film "The Flower of Korea-China Friendship Is in Full Bloom." This 20-minute documentary film was produced by the Korean documentary film studio some time ago.

The film contains such moving scenes and beautiful episodes as mutual visits of the leaders of Korea and China and of a number of friendship delegations in recent years, scenes of carrying out economic cooperation through the joint development of the fishery resources of the Yalu Jiang by the relevant sectors of both countries, scenes of the performances of the literary and artistic groups which were presented during their mutual visits, and a scene on the peoples of the two countries helping each other.

This documentary film shows the feelings of the Korean people, who highly value Korea-China friendship. In the concluding commentary, the film said that the Korean people will, as in the past, also do their utmost to develop Korea-China friendship.

LI PENG MEETS JAPANESE ENERGY DELEGATION

OW181526 Beijing XINHUA in English 1434 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- Chinese Vice-Premier Li Peng met a Mitsubishi thermal power generation equipment and technology group of Japan in the Great Hall of the People here this afternoon.

The group is led by Suenaga Soichiro, president of the Mitsubishi Heavy Industries, Ltd.

The Chinese vice-premier and the Japanese guests exchanged views about increasing trade and technical cooperation between the two sides.

FOREIGN MINISTRY SPOKESMAN ON SRV SPY TRIAL

XINHUA Report

OW190900 Beijing XINHUA in English 0850 GMT 19 Dec 84

[Trial of So-Called Chinese and Thai Spies Is Fabrication, Says Chinese Spokesman" --
XINHUA Headline]

[Text] Beijing, December 19 (XINHUA) -- A Chinese Foreign Ministry spokesman said today the recent trial of so-called Chinese and Thai spies by the Vietnamese authorities in Ho Chih Minh City was "their customary anti-China trick to make up stories and fabricate charges."

The spokesman said this in response to a question at a press conference here this afternoon. "It is not worth commenting", he said.

He also disclosed that China and Burma would carry out the first joint inspection of the border between the two countries in pursuance of the provisions of the Sino-Burmese boundary protocol signed by the two governments in 1961. The Burmese delegation of the Commission on Joint Boundary Inspection headed by U Sein Lwin is scheduled to arrive here later today, he added.

ZHONGGUO XINWEN SHE Report

HK190910 Beijing ZHONGGUO XINWEN SHE in Chinese 0719 GMT 19 Dec 84

[Report: "Spokesman of the Chinese Ministry of Foreign Affairs on the Vietnamese Authoriites' Trial of the So-called Sino-Thai Spies" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 19 Dec (ZHONGGUO XINWEN SHE) -- Today when answering a question from reporters on the farce of "public trial of Sino-Thai spies" performed in Ho Chi Minh City by the Vietnamese authorities, Ma Yuzhen, Ministry of Foreign Affairs spokesman, pointed out: "This is fabrication, frame-up, which has always been a favorite trick of the Vietnamese authorities in their anti-China campaign. It is not worth commenting on."

Ma Yuzhen made these remarks at a news briefing at noon today.

KMT 'AGENT' RELEASED TO HONG KONG FOR TREATMENT

HK180958 Beijing ZHONGGUO XINWEN SHE in Chinese 1336 GMT 17 Dec 84

[Report: Chu Fu-an, a special agent dispatched by the KMT Returns to Hong Kong on Bail for Medical Treatment"]

[Text] Changsha, 17 Dec (ZHONGGUO XINWEN SHE) -- Chu Fu-an, a special agent dispatched by the KMT secret service in Hong Kong, has been released on bail for medical treatment. He left Changsha for Hong Kong on 17 December for treatment.

Chu Fu-an sneaked into Xiangtan City and other places in Hunan Province in April this year to carry out espionage activities. Arrested by the public security organ, he was sentenced to 5 years' imprisonment by the Xiangtan City Intermediate People's Court on 20 July. While serving his sentence, Chu was able to admit his guilt and to observe the law. Because he was sick, he was unable to take care of himself in prison. At his request and that of his children, he was released on bail for medical treatment after they had signed written pledges and letters of guarantee. In line with the relevant regulations of the law, the judicial organ in Xiangtan City checked and approved Chu Fu-an's travel to Hong Kong, accompanied by his daughter.

HONG KONG SAID STABLE AFTER SINO-BRITISH DECLARATION

0W170728 Beijing XINHUA in English 0706 GMT 17 Dec 84

[**"Hong Kong's Stability and Prosperity Following Initialing of Sino-British Declaration"** -- XINHUA headline]

[Text] Hong Kong, December 17 (XINHUA correspondent Huang Yue) -- Hong Kong's situation has been stable and its economy encouraging since the initialing of the Sino-British joint declaration on the Hong Kong question last September.

The Hong Kong finance department recently predicted that the rate of economic growth in 1984 would reach eight percent. Facts have shown that the joint declaration enjoys widespread support, and Hong Kong's stability and prosperity will continue.

The previous two years before September 1984 was a period in which Hong Kong was facing a historical turning point, with many local residents understandably worried about the future. The so-called question of confidence was exaggerated by some people and utilized by speculators to cause fluctuations on the current and stock markets. The value of the Hong Kong dollar dropped markedly three times during that period. In late September 1983, the H.K. dollar fell to over 9 to the U.S. dollar -- an all-time low.

Moreover, the Heng Seng Index, which reflects the local stock market prices fell from 1170.35 points on March 19, 1984, to 746.02 points on July 13. Real estate prices were also down by about 40 percent from a few months previously.

The initialing of the joint declaration has put an end to the two-year chaos. Most local residents regard the joint declaration as better than expected. With the worries gradually removed, they are now more confident of Hong Kong's future.

The exchange rate of the H.K. dollar rose to 7.81 to the U.S. dollar on the day of the initialing. It has remained in the range of 7.81 and 7.82 over the past two months. The H.K. dollar has now become a strong international currency. The stock market index topped 1,000 points in late September and soared to 1,115 points on December 10. The market will become brisker because of stable political and economic factors.

Local real estate business people were previously worried over policy changes after 1997. Now the joint declaration assures them that the present land deed period will be extended until the year 2047, and private ownership of real estate will be protected by law.

The Hong Kong authorities sold three sections of government land on November 28, for the first time since the initialing of the joint declaration. One piece of land for commercial use was sold for 190 million H.K. dollars, double the floor price.

The land sales market a shaking-off of the recession in real estate over the past two years. Many local newspapers frontpaged reports on this or issued commentaries.

The satisfactory settlement of the Hong Kong question was also favored by diplomats here.

Burton Levin, consul-general of the United States in Hong Kong, said that, with the recovery of the U.S. economy, many American firms were now ready to increase investment in Hong Kong.

Major U.S. investment projects in Hong Kong since September include the Strague Electric Company's pouring of 100 million H.K. dollars into production of ceramic capacitors and integrated circuits, 200 million H.K. dollars from Texaco Inc. for installing oil supply equipment, the Bank of America's investment of 400 million H.K. dollars in a regional data center, and the Security Pacific National Bank's buying shares in the Bank of Kwangtung.

Other big U.S. companies, including Wang Laboratories Inc. and Esso Hong Kong Ltd, are also increasing their investments here to expand their business in Asia and the Pacific region. U.S. investment in Hong Kong now totals 4.6 billion U.S. dollars.

According to a recent survey, 80 percent of the 340 Japanese consortia and firms in Hong Kong are confident of investing here and 30 percent of them are increasing investment. Japanese firms have invested a total of 2.4 billion U.S. dollars in Hong Kong so far.

After the initialing of the joint declaration, the two Hong Kong currency-issuing banks -- the Hong Kong and Shanghai Banking Corporation and the Chartered Bank of Hong Kong -- said that they will never move out of Hong Kong and will remain here after 1997.

[In a similar report, Beijing XINHUA Domestic Service in Chinese on 17 December at 1302 GMT transmits the following passage: "Last March, Jardine Matheson Ltd. suddenly declared that it had moved its head office from Hong Kong to Bermuda, and registered there. This gave rise to a chaotic state in the Hong Kong money market. After the joint declaration was initialed, however, Simon Keswick, chairman of the Board of Directors of that company, made a special trip to Beijing. He explained to the Chinese Government leaders concerned the motive of registering the company's head office in Bermuda, and expressed regret in this regard. In addition to voicing support for the joint declaration, he said that his company would continue to develop business in Hong Kong and expand relations of economic cooperation with China."]

Large amounts of funds from Southeast Asia countries are also flowing into the local real estate and money markets. Foreign investors agree that the Sino-British joint declaration provides a full guarantee for Hong Kong's continued prosperity and it is profitable to invest here. This is because the document ensures Hong Kong's political stability, fine investment environment, low tax rates, free trade, non-restrictions on entry and exit of foreign exhcnage and gold, as well as good transport and information services.

They also regard Hong Kong as a bridge reaching the huge Chinese market, as the ties between Hong Kong and the hinterland of China will become closer in the future, and China will raise funds to import technology and equipment from overseas, mostly through Hong Kong.

[The same Beijing XINHUA Domestic Service report on 17 December adds: "Hong Kong's imports and exports, as well as tourist business, have never been affected by so-called 'worry about the future.' Exports for the period from January to September this year achieved marked results.]

"In October, the total value of goods exported and transshipped showed an increase of 19 and 38 percent respectively, compared with the same month of last year, and the import and export trade yielded a surplus of (7741) million Hong Kong dollars. In the tourist business, the proportion of hotel rooms occupied by tourists was as high as 93 percent in the last 2 months. According to estimates by the department concerned, the total income from tourist business will exceed 13 billion Hong Kong dollars this year.

"With the initialing of the Sino-British joint declaration the economic relations between Hong Kong and hinterland of China have become even closer. From January to October this year, the total amount of goods imported into Hong Kong from the hinterland was 46,035 million Hong Kong dollars, a 39 percent rise over last year's corresponding period. Goods transshipped through Hong Kong to the hinterland totaled 30,514 million Hong Kong dollars, or a rise of (128) percent. Imports of Hong Kong goods to the hinterland totaled 30,514 million Hong Kong dollars, or a rise of (128) percent. Imports of Hong Kong goods to the hinterland totaled 8,609 million yuan, a rise of 79 percent. In the second quarter of this year, the hinterland surpassed the Federal Republic of Germany in buying Hong Kong goods, and became the third largest export market for Hong Kong. In October, it surpassed Britain in buying Hong Kong goods, and became Hong Kong's second largest export market.

"With Hong Kong entering a new historical period, the broad masses of local residents are undergoing a profound ideological change. Now that Hong Kong will return to the embrace of the motherland after 140 years of rule by the British authorities, every descendant of the Yellow Emperor is overjoyed. Even though a few people were once worried and concerned about the future, all share the identical view regarding the major issue of state sovereignty and national interests. Not long ago, some organizations in Hong Kong conducted surveys which proved that 90 percent of the upward of 3.7 million adults in Hong Kong believe that the Sino-British Joint Declaration is good, and that sovereignty over Hong Kong should be returned to China. Now, most Hong Kong people are shifting their attention to the hinterland and are 'looking northward.' Following the entrepreneurs, more and more people of various social strata and of various trades and professions are going to the hinterland to work for their future.

"People of broad vision in Hong Kong are actively promoting the use of the mother tongue in teaching, the raising of the legal position of the Chinese written language, and the opening of the course on improving the teaching of history in schools. Moreover, they are calling on the Hong Kong people, especially young people, to enhance their understanding of the motherland, and to be concerned about the state's affairs.")

It is generally held here that Hong Kong, as a world financial and shipping center and a major trading port in the Far East will become increasingly important to China's modernization, and China's economic growth will in turn promote Hong Kong's prosperity.

RENMIN RIBAO ON CONFIDENCE OF HONG KONG RESIDENTS

HK181128 Beijing RENMIN RIBAO in Chinese 18 Dec 84 p 4

[Article by RENMIN RIBAO reporter Yuan Xianlu: "People of Hong Kong Have Full Confidence in the Future"]

[Text] Brightly lit trees and ornamental flowers shine all night and laughter and cheers are heard everywhere. There is still more than a week to go before Christmas, yet Tsim Sha Tsui East is already permeated with a cheerful festival atmosphere. Various dazzling figures composed of tens of thousands of colored lights render 4 streets and 18 high-rise buildings gorgeous and colorful.

This year the decorative Christmas lighting in Tsim Sha Tsui East was first lit on the evening of 14 December.

At the ceremony to turn the lighting on, a responsible person concerned announced: "The theme of this year's decorative Christmas lighting is 'I love Hong Kong,' which is meant to express Hong Kong residents' full confidence in Hong Kong's future and to voice their love for Hong Kong."

For some time in the past, the confidence problem has bothered Hong Kong. Because Hong Kong was faced with an important turning point and its future was not completely clear, many residents had doubts and worries. This was quite understandable. However, some people purposely exaggerated the confidence problem and even publicized the so-called "the great '97 quandary." It seemed that "doomsday" would soon come. Others took advantage of the confidence problem to carry out profiteering. At the monetary market was very unstable and turmoils were successively occurring. It was precisely under these circumstances that in the last 10 days of September last year, the Hong Kong currency plummeted, prices suddenly soared, people rushed to buy foreign currencies, and panic buying spread throughout the whole region. Although this agitation lasted for only 2 days, the people remained disturbed. For the sake of Hong Kong's prosperity and stability, it was undoubtedly necessary to solve the confidence problem.

The Sino-British joint declaration was initialled on 26 September of this year. This has brought about a gratifying situation in Hong Kong. Hong Kong residents universally hold that the contents of this document are "even better than the people of Hong Kong expected and demanded" and their doubts and worries have basically been dispelled. On 20 October, the CPC Central Committee approved the decision on reform of the economic structure. This was another tremendous encouragement for Hong Kong residents. In addition, in their conversations with people from various sectors of Hong Kong, on many occasions Chinese leaders have stressed China's sincerity in implementing the joint declaration. British leaders have repeatedly said that Britain will completely fulfill its duties toward Hong Kong before 1997. All this has an important influence on Hong Kong. Therefore, in less than 3 months' time, the Hong Kong public has greatly increased its confidence in the future.

Since the joint declaration was initialled, Hong Kong's economy has obviously turned for the better. The status of the Hong Kong dollar has become stable and the stock market has been flourishing. Foreign industrial investment has steadily increased and local investment in industry is beginning to enliven. Import and export trade and tourism, which have always been good, have further developed. Real estate business, which has been on the decline in the past 2 years, has also taken a favorable turn. Of course, many factors have jointly contributed to this development of Hong Kong's economy, but the increase of Hong Kong residents' confidence in the future is evidently an important one.

On the same day as the decorative Christmas lighting was turned on, there came news which attracted the attention of people in various sectors: The Hutchison Whampoa group has decided to invest HK\$4 billion to build 94 highrise residential blocks and related facilities, which will be completed in 6 years and which will be able to accommodate more than 10,000 families. Explaining the reason for implementing this massive construction plan in the next few years, the chairman of this group, Li Ka-shing, said that he has confidence in the future of Hong Kong's real estate business. On 16 December, MING PAO carried an editorial on this, saying: "Obviously, confidence in property is built on confidence into the future stability and prosperity of Hong Kong. Confidence by investors is based on the confidence of the general public. Vague claims of having confidence may be regarded by some people as just talk. However, the act of investing HK\$4 billion to build nearly 100 highrise building; is a very convincing 'fact'."

Of course, to say that Hong Kong residents have full confidence in the future does not mean that they are without any doubts or worries.

For example, some people worry whether some international organizations and countries concerned will continue to recognize Hong Kong's existing special status after 1997 and others are not yet fully at ease as to whether China's existing policies will remain unchanged and will be implemented for a long time. However, the developments of the past 2 months or so have shown that facts will eventually dispel the doubts and worries of some people and will help them build up their confidence.

Near the brilliant decorative Christmas lighting in Tsim Sha Tsui East and among the bustling crowds, I heard many people say: The colorful lighting in this area has increased by 100 percent this year and has been extended to a large area. Some people have also predicted that the scale of the decorative Christmas lighting will certainly be further increased and the design further improved next year. Yes, but improvement will not be confined to lighting alone. Under the circumstances where the Hong Kong issue has been satisfactorily settled and the cooperation between Hong Kong and the motherland's hinterland has been further strengthened, the situation in Hong Kong will certainly be more stable and its economy more prosperous with each passing year. The residents of Hong Kong have full confidence in this.

COVERAGE OF SINO-BRITISH AGREEMENT SIGNING

Editorial Congratulations

HK190812 Beijing RENMIN RIBAO in Chinese 19 Dec 84 p 1

[Editorial: "A Major Event in Contemporary World History -- Congratulating the Formal Signing of the Sino-British Joint Declaration on the Question of Hong Kong."]

[Text] Today in Beijing, Zhao Ziyang, premier of the People's Republic of China, and Margaret Thatcher, prime minister of the United Kingdom of Great Britain and Northern Ireland, will formally sign the "Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong." This is a major event in the modern histories of China and the world. The "joint declaration" satisfactorily solves the question of China's resumed exercise of its sovereignty over Hong Kong and represents a significant step taken toward the complete realization of the great cause of reunifying the motherland. At the same time, it provides a sure guarantee for Hong Kong's long-term stability and prosperity. From now on, a new chapter is opened in the friendship and relations of cooperation between China and Britain. On this, we extend our warm congratulations.

Mrs Thatcher is a politician with international influence. Her foresight, sagacity, and wise policy decision played a significant role in the smooth solution of the Hong Kong question. Now she has come to Beijing personally to formally sign the "joint declaration" on behalf of the British Government. We extend our warm welcome to her.

Taking the whole situation and long-term interests into consideration, the Chinese and British Governments, through talks, have solved the question of Hong Kong left by history in the spirit of friendship, cooperation, and mutual understanding and accommodation. This will not only help maintain Hong Kong's long-term stability and prosperity and further promote the Sino-British friendship and relations of cooperation, but will also be conducive to safeguarding peace in Asia and in the world. It accords not only with the British people's interests and demands, but also with the interests and demands of all Chinese people, including the compatriots in Hong Kong and Taiwan. After being initialed and promulgated, the joint declaration of the Chinese and British Governments on the question of Hong Kong has won extensive international praise. At the meeting held by the Standing Committee of the Chinese National People's Congress to examine and discuss the "joint declaration," the members of the Standing Committee unanimously endorsed it. When the two houses of the British Parliament held debates on the "joint declaration," members of Parliament from various parties vied to praise it as the "best agreement" and unanimously adopted it. In Hong Kong, people of all circles expressed a very positive opinion about the declaration. The people's minds are stable, and the economy shows continued prosperity. It is our hope that with the "joint declaration" formally signed and put into practice, the situation of stability and prosperity in Hong Kong will be long preserved, while a new, smooth progress will be made in Sino-British relations on the basis of equality and mutual benefit.

The Chinese Government's guiding principle for solving the Hong Kong question is "one country, two systems," which means that within the confines of the People's Republic of China and for a relatively long period, the socialist system is implemented on the mainland while the capitalist system is practiced in Hong Kong and Taiwan.

This specific idea was proposed by Comrade Deng Xiaoping by concentrating the collective wisdom of the party Central Committee and following the principles of seeking truth from facts and proceeding from reality in doing everything on the basis of respecting history and facts. "One country, two systems" is a firm, basic national policy aimed at accomplishing the great cause of reunifying the motherland; by no means is it a one-time expedient measure. Some people worry that this policy decision may change. This is groundless. Comrade Deng Xiaoping said explicitly: "'One country, two systems' is a principle adopted by the National People's Congress. It is a law. How can it be changed? As long as the policy is right, nobody can change it." Practice will prove that this long-term policy decision of the Chinese Government accords with the history and reality of Hong Kong and with the demands of the people. Hence, it cannot be changed.

The formal signing of the joint declaration of the question of Hong Kong by the Chinese and British Governments is not only a major event in Sino-British relations, but is also a major event of international politics. It sets an example for international society to solve questions left over by history through peaceful and friendly consultations. Because of this, it is widely welcomed by and received great attention from all countries in the world. Now both the Chinese and British Governments are responsible for implementing the agreement to maintain Hong Kong's stability and prosperity. This is where the common interests of China and Britain lie, and is a matter about which all peace-loving people in the world are concerned. The Chinese Government has repeatedly declared that it will continue to cooperate closely and effectively with the British Government and will carry out the agreement to the letter. We believe that the British Government will take the same attitude, seriously fulfill its commitments, and make fresh contributions to the further development of Sino-British friendship and relations of cooperation and to the long-term stability and prosperity of Hong Kong.

Thatcher Arrives in Beijing

0W181302 Beijing XINHUA in English 1249 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- Britain's prime minister, Mrs. Margaret Thatcher, flew in here at 8:20 p.m. today to sign the Sino-British joint declaration on Hong Kong and pay her second official visit to China in two years.

Mrs. Thatcher and Foreign Secretary Sir Geoffrey Howe and Lady Howe, alighting from the plane amid blinding spot and flash light, were greeted by Chinese State Councillor and Foreign Minister Wu Xueqian. Three children presented bouquets to Mrs. Thatcher and Sir and Lady Geoffrey Howe.

In store for Mrs. Thatcher is a heavy schedule packed into a single day during her 36-hour stay in the Chinese capital. Leading off the tight program will be a red carpet welcoming ceremony to be presided over by Premier Zhao Ziyang tomorrow morning.

Mrs. Thatcher and Sir Geoffrey are expected to spend several hours with Chinese leaders at talks or meetings through the day. The British prime minister is scheduled to join Premier Zhao in signing the declaration at 5:30 p.m. in the afternoon.

Winding up the day's program will be a grand banquet to be hosted by Premier Zhao for Mrs. Thatcher and her visiting party in the Great Hall of the People in the evening. Altogether the work day will last at least 12 hours.

Among others who went to the airport to welcome the British guests were Chinese Vice-Minister of Foreign Affairs Zhou Nan and his wife Huang Guo, and Chinese Ambassador to the United Kingdom Chen Zhaoyuan. British Ambassador to China Richard Evans and the governor of Hong Kong, Sir Edward Youde, who arrived here earlier, were also present.

Zhao at Welcoming Ceremony

OW190201 Beijing XINHUA in English 0134 GMT 19 Dec 84

["Beijing Gives Red-Carpet Welcome to Mrs Thatcher" -- XINHUA headline]

[Text] Beijing, December 19 (XINHUA) -- British Prime Minister Margaret Thatcher was welcomed to Beijing at a grand welcoming ceremony presided over by Chinese Premier Zhao Ziyang here this morning. The ceremony took place on the plaza east of the Great Hall of the People.

Mrs Thatcher who arrived in Beijing last night is on her third visit to China. This afternoon she and Premier Zhao will sign the Sino-British joint declaration on the question of Hong Kong.

Today, the national flags of China and Britain fluttered in front of the Gate of Heavenly Peace in the heart of Beijing and colorful bunting was draped over Chang'an Boulevard, the east-west thoroughfare that runs through the city.

When Mrs Thatcher arrived at the plaza at 9:10 a.m., Zhao went up to shake hands and exchange greetings with her. A boy presented a bouquet to the prime minister. A military band played the national anthems of the two countries and a 19-gun salute was fired in Mrs Thatcher's honor.

Accompanied by Premier Zhao, Mrs Thatcher reviewed a three-service honor guard of the Chinese People's Liberation Army and walked past a crowd of welcomers. More than 300 Chinese youngsters cheered and waved bouquets to welcome the British prime minister. She waved back in acknowledgement.

Attending the ceremony were British Foreign Secretary Sir Geoffrey Howe, British Ambassador to China Richard Evans, the British deputy undersecretary in the Foreign Ministry, Sir Percy Cradock, and the governor of Hong Kong, Sir Edward Youde. Also present were Ji Pengfei, Chinese state councillor and director of the Hong Kong and Macao Affairs Office under the State Council; Wu Xueqian, state councillor and foreign minister; Yao Guang and Zhou Nan, vice-ministers of foreign affairs; and Chinese Ambassador to Britain Chen Zhaoyuan.

More than 100 public figures from Hong Kong, who are here to attend the ceremony for signing the joint declaration on Hong Kong, were also present.

Zhao, Thatcher Meet

OW190256 Beijing XINHUA in English 0243 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese Premier Zhao Ziyang had a lively 15-minute meeting with the visiting British prime minister Mrs Margaret Thatcher in the Great Hall of the People here this morning before they entered into another room for official talks. This is the second meeting between the two leaders in two years.

During the meeting which proceeded in a warm and friendly atmosphere, Premier Zhao told Mrs Thatcher: "It is the first time for Your Excellency to visit China in winter. The weather here is fine. Two days ago there was a heavy snow in Beijing. It is fresh now."

Thatcher said with a smile: "It is perfect and lovely this morning. I wish I could have a long walk." The hall burst into laughter. "I thought it is of extremely importance to come even for a short visit because it is such a great case and a historic case," she said.

Zhao Ziyang recalled that during her last visit in 1982 Mrs. Thatcher held talks with Chinese leaders on international issues and bilateral relations. "We had very deep-going and friendly talks on the question of Hong Kong. This laid a foundation for the talks between our two governments. The two sides displayed the spirit of mutual understanding and goodwill. That's why we have succeeded in reaching a satisfactory settlement."

"It is a great achievement and I am grateful to all the officials involved in this work," Mrs. Thatcher said.

Hold Talks

OW190244 Beijing XINHUA in English 0228 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese Premier Zhao Ziyang and the visiting British prime minister, Mrs. Margaret Thatcher sat down for talks in the Great Hall of the People here this morning. Sitting vis-a-vis across a long conference table, the two leaders are flanked by their top aides including Chinese State Councillor Ji Pengfei, Foreign Minister Wu Xueqian and British Foreign Secretary Sir Geoffrey Howe.

This is the second meeting between the two in two years, their previous meeting being in September 1982.

While more than 100 Chinese and foreign correspondents were busy taking pictures of the occasion, Zhao Ziyang wearing a dark Western suit, told Mrs. Thatcher: "I'm very glad to have the opportunity to exchange views with you on bilateral relations and international issues of common interest. According to our habit, we'll start with bilateral relations."

He also expressed warm welcome to the British prime minister for coming to Beijing to sign the Sino-British joint declaration on the Hong Kong question.

Before coming to China, Mrs. Thatcher said that she was looking forward to discussing with Premier Zhao Ziyang and other Chinese leaders how to build on the trust and understanding established in the negotiations on Hong Kong to accelerate the development of new cooperation.

The Chinese premier also told Mrs. Thatcher that the prime minister would meet General Secretary Hu Yaobang and Chairman Deng Xiaoping this afternoon and that a state dinner would be given in her honor in the evening.

Restate Support for Agreement

OW190644 Beijing XINHUA in English 0623 C 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Premier Zhao Ziyang and Prime Minister Margaret Thatcher today reiterated their governments' commitment to the Sino-British agreement on the Hong Kong question.

Speaking at their talks in Beijing this morning, the two leaders agreed that their governments would implement every respect of the Sino-British joint declaration on Hong Kong so that China would resume the exercise of sovereignty in Hong Kong smoothly in 1997 and that Hong Kong would maintain its stability and prosperity.

Sources close to the talks quoted Premier Zhao as saying that the conclusion of the agreement as a result of friendship and cooperation of China and Britain was of far-reaching significance.

It would not be overstating to describe it as a major event in contemporary world history, Zhao added.

The agreement not only solved the problem of China's resumption of the exercise of sovereignty over Hong Kong but was conducive to the long-term stability and prosperity of Hong Kong as well as to the peace of Asia and the world, Zhao said. It had also turned a new page in the annals of Sino-British friendship and cooperation, he added.

On the future of Hong Kong, Zhao said China's National People's Congress would institute a basic law for the projected Hong Kong special administrative region which, he said, would accord with the aspirations of the people in Hong Kong.

Steps would be taken to solicit opinions from a wide range of people in Hong Kong when the basic law was drafted, the Chinese premier said. He stressed again the Chinese nation's tradition of honoring their commitment. "We always mean what we say," he said. "What we say to the world counts and we have always adhered to the agreements we have signed internationally." No one could alter the Sino-British agreement on Hong Kong which was such a good agreement, he said. This was because it had won the support of the Chinese people including those in Hong Kong and the British people and received favorable responses internationally, he added.

Premier Zhao paid tribute to Mrs. Thatcher for the far-sightedness and statesmanship she had shown in solving the Hong Kong issue and thanked the British foreign secretary, Sir Geoffrey Howe, the Chinese foreign minister, Wu Xueqian, and other Chinese and British officials involved for their efforts in the negotiations.

Mrs. Thatcher said that the agreement served the interests of Britain and China. It laid a foundation for the Hong Kong people to build a more prosperous community than the present one. She spoke highly of the correct policy of the Chinese leaders for settling the Hong Kong question. She predicted that friendship and cooperation between the two countries would be further enhanced. She reiterated that the British Government was totally committed to implementing every respect of the agreement.

The two leaders agreed that during the transition period from now to 1997, the two governments would strengthen mutual trust and cooperation so as to maintain Hong Kong's stability and prosperity.

The two sides also agreed in principle that Chinese Premier Zhao Ziyang would visit Britain next year at the invitation of the British prime minister. Premier Zhao and Mrs. Thatcher also exchanged views on economic and technical cooperation and trade between the two countries.

On international issues, the two leaders expressed concern about the present world tension. The Chinese premier said that China hoped to see a relaxation in East-West and U.S.-Soviet relations. China welcomed the coming talks between the U.S. and Soviet foreign ministers early next year on arms control and the prevention of militarization of the outer space and hoped to see real disarmament and the relaxation of the international situation, Zhao said.

He praised Mrs. Thatcher for her efforts for the relaxation of international tension and the improvement of East-West relations. Zhao also expressed the hope that she would continue to use her influence to promote an agreement on disarmament between the U.S. and the Soviet Union.

Mrs. Thatcher said it was an issue of great importance at the present moment to stop the nuclear arms race and that conditions were now ripe for an agreement. She hoped that the Soviet Union and the United States would reach agreement on disarmament of nuclear and outer space as well as conventional weapons. They also exchanged views on Sino-U.S., Sino-Soviet and U.S.-Soviet relations.

Premier Zhao was assisted in the talks by Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office under the State Council; Wu Xueqian, state councillor and foreign minister; Zhou Nan, vice-foreign minister; Jia Shi, vice-minister of foreign economic relations and trade; and Chinese Ambassador to Britain Chen Zhaoyuan.

Mrs. Thatcher's senior aides were Foreign Secretary Sir Geoffrey Howe, British Ambassador to China Sir Richard Evans, Deputy Under-Secretary of State Sir Percy Cradock, and Governor of Hong Kong Sir Edward Youde.

Zhao Accepts Invitation to UK

OW190542 Beijing XINHUA in English 0529 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese Premier Zhao Ziyang will pay an official visit to Britain next June as guest of British Prime Minister Mrs. Margaret Thatcher, reliable sources say here today.

This was decided at the talks between the two leaders here this morning.

Wu Xueqian Presents Flowers

OW190606 Beijing XINHUA in English 0552 GMT 19 Dec 84

["Deng Yingchao Entrusts Wu Xueqian To Present Flowers to Mrs. Thatcher" -- XINHUA headline]

[Text] Beijing, December 19 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian at noon today presented flowers to the visiting British Prime Minister Mrs. Margaret Thatcher on behalf of Deng Yingchao, chairperson of the Chinese People's Political Consultative Conference National Committee.

Deng, who is now on an inspection tour in southern China, asked Wu to extend her greetings to Mrs. Thatcher and wish the latter a happy stay in China. Deng Yingchao met Mrs. Thatcher during the latter's visit to China in 1982. Mrs. Thatcher also asked Wu to express her thanks to Deng Yingchao.

Li Xiannian Hosts Luncheon

OW190652 Beijing XINHUA in English 0638 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese President Li Xiannian met British Prime Minister Mrs. Margaret Thatcher and gave a luncheon in her honor at the Diaoyutai Guesthouse at noon today.

Li extended a warm welcome to Mrs. Thatcher on behalf of the Chinese Government, saying that she had come to accomplish a great and historical task.

Mrs. Thatcher said that the signing of the Sino-British joint declaration on the question of Hong Kong would ensure prosperity and stability in Hong Kong.

Li said that this was beneficial to China and Britain, as well as to Hong Kong.

Noting that there were troubles in the world today, Li added the problems, however complex, could be solved through negotiations.

Mrs. Thatcher said that negotiation was in fact very important. Patience and mutual trust would make it easier to solve problems; it would be difficult otherwise, she added.

Li expressed the hope to expand bilateral relations, economic cooperation and trade between the two countries. On hand were Chinese State Councillors Ji Pengfei and Wu Xueqian.

Thatcher Meets Hu Yaobang

OW190830 Beijing XINHUA in English 0818 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, said that today was a red-letter day that would be remembered by the Chinese and British peoples. He said this in a meeting with British Prime Minister Margaret Thatcher here this afternoon.

Shaking hands with Mrs. Thatcher, Hu said that the success of reaching an agreement between China and Britain on the question of Hong Kong "should be primarily attributed to you and our Comrade Deng Xiaoping." "You two have built a milestone for our two countries," he said. "Your colleagues and people like me in China are enthusiastic supporters." He said that the event would be remembered by the people of the two countries and their descendants.

Mrs. Thatcher quoted Deng Xiaoping as saying, at the start of the negotiations, that the settlement of the Hong Kong question needed two years. People were then not sure whether it would be possible to do so, she added.

"You showed courage and far-sightedness in handling the question," Hu said.

Mrs. Thatcher said that the British people as well as the inhabitants in Hong Kong were happy about the settlement.

At the beginning of the meeting Mrs. Thatcher told Hu that she was in China for the third time but it was her first meeting with him. Hu assured Mrs. Thatcher that the Chinese people throughout the country today warmly welcomed her.

Chinese Foreign Minister Wu Xueqian and British Foreign Secretary Sir Geoffrey Howe took part in the meeting.

Hu Hails Accord

OW191113 Beijing XINHUA in English 1047 GMT 19 Dec 84

["Hu Yaobang Hails Sino-British Joint Declaration on Hong Kong as Milestone" -- XINHUA headline]

[Text] Beijing, December 19 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang today told the visiting British prime minister, Mrs. Margaret Thatcher, that the Sino-British joint declaration on the Hong Kong question "is a milestone in the annals of friendly relations between China and Britain."

He described this as "principally the work of Mrs. Thatcher and Comrade Deng Xiaoping," with the enthusiastic support of their close colleagues. Wearing a black suit and a red tie, Hu noted that this is something which would be remembered by the Chinese and British peoples and their posterity. At the beginning of the meeting which took place at Zhongnanhai, headquarters of the Chinese Communist Party Central Committee, Mrs. Thatcher expressed her elation at meeting Hu Yaobang for the first time although she was in China for the third time.

Sitting in a semi-circle, Hu Yaobang quoted an old Chinese saying which goes: "One hundred catties of gold may buy fame, but it needs one thousand catties of gold to buy credit." He praised Mrs. Thatcher's farsightedness in handling the Hong Kong issue, an act that would doubtlessly earn her credit among the Chinese and British people.

He added that China, which always keeps good faith, would honor the joint declaration without fail.

Mrs. Thatcher said that it was difficult to earn credit, much more so to maintain it. "I'm sure that both sides will do their utmost to maintain the credit already earned. We'll certainly carry out the accord to the full to increase the confidence of the Hong Kong people in the future."

[Beijing Domestic Service in Mandarin at 1000 GMT on 19 December in a report on the meeting between Hu Yaobang and Mrs Thatcher adds the following: "Hu Yaobang said: "You can be assured that as time goes by, the Chinese side will increase Hong Kong's people's confidence year after year."]

Hu Yaobang presented Mrs. Thatcher with two books: the first volume of a Chinese translation of the concise Encyclopedia Britannica and the latest edition of an English-Chinese dictionary. He explained that in China today there were some 50 million people studying English. "So, the Chinese and British peoples can find more in common to speak of," he said.

Thanking the host for the gift, Mrs. Thatcher commented that there should be more British people to learn to speak Chinese.

Hu Yaobang then briefed Mrs. Thatcher on China's political and economic situations. [The Beijing Domestic report in Mandarin adds: "The meeting was permeated with a pleasant atmosphere from beginning to end."]

Present at the meeting were Chinese Foreign Minister Wu Xueqian and British Foreign Secretary Sir Geoffrey Howe.

Deng Xiaoping Meets Thatcher

OW190912 Beijing XINHUA in English 0902 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, met British Prime Minister Margaret Thatcher this afternoon in the Great Hall of the People.

Deng said that the Hong Kong question had existed for one and half centuries. Until it was resolved, there had always been a shadow over the two countries and peoples. "Now that this shadow has been cleared," he said, "cooperation between the two countries and friendship between their peoples shine with brightness." Mrs Thatcher said she fully agreed with Deng's assessment.

The meeting took place in the Fujian Hall. She recalled that she and Deng started the discussion of the Hong Kong question two years ago right in this hall and this eventually led to a great success.

Deng said the leaders of the two countries, Mrs. Thatcher and Foreign Secretary Sir Geoffrey Howe for Britain, and for China, the leaders she met today, had accomplished "a very significant task that is beneficial to their own countries and peoples."

Mrs. Thatcher said that today was a great day. They started the work together two years ago and, therefore, she had come personally to sign the joint declaration, she added.

Deng on 1 Country, 2 Systems

OW191214 Beijing XINHUA in English 1205 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- The conclusion of the agreement on Hong Kong is an event of tremendous significance and advantage the Chinese and British leaders have accomplished for their countries and peoples. This was stated by Deng Xiaoping, chairman of the Central Advisory Commission of the Chinese Communist Party, at a meeting with Mrs. Margaret Thatcher, the British prime minister, here this afternoon.

The Hong Kong issue dated back one and a half centuries, he said. Unless this question was settled, it would always cast a shadow on relations between China and Britain and their peoples, he said.

Now this shadow had disappeared and so cooperation and friendship between the two countries were facing a very bright future, Deng said.

Mrs. Thatcher expressed complete agreement to Deng's assessment. She said a great deal had been achieved since the first met Chairman Deng in Beijing two years ago. She paid high tribute in particular to Deng's concept of "one country, two systems", saying that it was an ingenious idea.

Deng attributed this concept of international significance to Marxist dialectical and historical materialism, or seeking truth from facts as the Chinese put it. It could have been formulated only in the specific circumstances of China, he added.

Facts in the past two years showed that this concept would work, Deng stressed. Referring to some people's worry about China's sincerity in implementing the accord, Deng said: "We would tell the people of the world that China will keep to its commitment." He went on to say that the idea that the present system in Hong Kong would remain unchanged for 50 years after 1997 was not a concept put forward on the impulse but a well-thought scheme. It was based on China's present policy of opening to the outside world as well as China's goal of catching up with the levels of the developed countries, he said.

The people of China would be pretty well off by the end of this century but it would take them several more decades to become really developed, Deng said. This was why the open policy would remain unchanged even in the next century, he added.

Mrs. Thatcher said she was sure that the concept of "one country, two systems" would work and that China's policy of opening to the outside world would benefit its modernization.

Deng took the opportunity to further explain his concept of "one country, two systems". "When we speak of two systems", he said, "this is because the main part of China with a population of one billion is practising socialism. It is under this prerequisite that we allow capitalism to remain in a small part of the country. This may help develop our socialist economy, and so does the policy of opening to the outside world."

Turning to international issues, Mrs. Thatcher expressed serious concern about the nuclear arms race and the rivalry in developing weapons for the outer space. She asked Deng to share his views.

China hoped that the United States and the Soviet Union would make progress in their negotiations on the reduction of nuclear arms and that the deadlock would be broken in the interests of the people of the world, Deng said. The danger of war still existed, he continued, but on the other hand, the forces for peace were also growing. Not only people in the Third World but those in Eastern and Western Europe all opposed war, he said.

Deng said he appreciated the efforts made by the British Government and Mrs. Thatcher herself for peace and disarmament.

Mrs. Thatcher said it was imperative to maintain constant contact and dialogue with the Soviet Union and reach agreement on the basis of mutual respect so as to bring good results to the talks on disarmament. She said she hoped that no large-scale conflict would take place in the world again.

At the end of the meeting, Deng asked the British prime minister, who will go to the United States, to convey his best regards and congratulations to President Ronald Reagan on his re-election as U.S. President.

Accord Signing

OW190944 Beijing XINHUA in English 0938 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- The Sino-British joint declaration on the question of Hong Kong was officially signed in the Great Hall of the People here at 17:30 hours Beijing time today.

Chinese Premier Zhao Ziyang and British Prime Minister Margaret Thatcher signed the document and spoke at the signing ceremony.

Chinese Communist Party and state leaders Deng Xiaoping and Li Xiannian attended the ceremony while invited Hong Kong guests from various walks of life also witnessed the signing of the document.

The declaration concluded by the two governments through more than twenty rounds of talks in two years was initialled last September 26. It was later approved by China's National People's Congress and the British Parliament.

Chinese and British leaders said on many occasions that the working out of the document was an event of historic significance. According to the declaration, China will resume the exercise of sovereignty over Hong Kong on July 1, 1997.

Zhao Speaks at Signing

OW191005 Beijing XINHUA in English 0950 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Following is the full text of a speech by Premier Zhao Ziyang at the signing ceremony of the Sino-British joint declaration on the question of Hong Kong here this afternoon.

The Rt. Hon. Prime Minister Margaret Thatcher, the Rt. Hon. Foreign Secretary Sir Geoffrey Howe, distinguished British guests, friends and comrades.

I am very pleased to have formally signed with Prime Minister Margaret Thatcher, on behalf of our respective governments, the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the question of Hong Kong.

We have accomplished a task of historical significance. For this, I would like to extend our warm congratulations to the Rt. Hon. Prime Minister, our other British friends and the Hong Kong personages from various circles who have been invited to attend this signing ceremony.

The Sino-British joint declaration on the question of Hong Kong has satisfactorily settled China's resumption of exercise of sovereignty over Hong Kong and laid a solid foundation for the long-term prosperity and stability of Hong Kong. Our agreement provides fresh experience for the solution through peaceful negotiations of problems between nations that are left over from history. It has received extensive support from all the Chinese people, including the five million compatriots in Hong Kong, and the British people. It has also won widespread acclaim and welcome from many countries in the world.

The conclusions of the joint declaration is the result of the concerted efforts of our two countries. In the course of the talks over two years, both governments have shown regard for larger interests, taken Hong Kong's history and realities into account, and displayed a spirit of mutual understanding and friendly cooperation. Here, I deem it necessary to mention in particular the vision and statesmanship of Prime Minister Margaret Thatcher. She has made a significant and praise-worthy contribution to the satisfactory settlement of the Hong Kong question. I also wish to express my thanks to Foreign Secretary Sir Geoffrey Howe, who took the trouble to make two visits to Beijing, and to all the other British friends and my Chinese colleagues who have worked hard for the success of the Sino-British talks.

The concept of "one country, two systems" is a national policy which we formulated after careful consideration. According to this concept, the Chinese Government worked out its basic policies regarding Hong Kong, which are now embodied in the joint declaration and its annexes. To translate this great concept into reality will be of far-reaching significance. We appreciate our British friends' understanding and high appraisal of this concept. It is a common interest as well as shared responsibility of our two countries to ensure the full implementation of the joint declaration free from any interference. The Chinese Government will continue to work with the British Government in a spirit of goodwill and cooperation and strive to realize this goal. We also expect that our Hong Kong compatriots and inhabitants of all walks of life will make concerted efforts to contribute to the prosperity and stability of Hong Kong and its still better future.

The satisfactory settlement of the Hong Kong question has opened up new prospects for the friendly relations and cooperation between China and the United Kingdom. The mutually beneficial cooperation between the two countries in various fields will be pushed to a new high. The development of Sino-British friendship not only accords with the desire of our two peoples but also helps to maintain world peace. Let us continue to make joint efforts towards this end. Thank you!

Thatcher Speaks

OW191140 Beijing XINHUA in English 1138 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Following is the full text of the speech by Prime Minister Mrs. Margaret Thatcher at the signature ceremony of the joint declaration on the future of Hong Kong here today.

Your Excellency Chairman Deng Xiaoping, Your Excellency President Li Xiannian, Your Excellency Premier Zhao Ziyang, Your Excellencies, ladies and gentlemen:

This is an historic occasion. And I am particularly pleased to see that Chairman Deng Xiaoping is able to be present. The joint declaration on the future of Hong Kong, which we have just signed on behalf of our two governments, is a landmark in the life of the territory; in the course of Anglo-Chinese relations; and in the history of international diplomacy. The agreement establishes a firm basis for confidence in Hong Kong up to 1997 and beyond. And for its continued stability, prosperity and growth.

I remember with pleasure my last visit to China in September 1982 and my discussions with Chinese leaders. At my meeting with Chairman Deng Xiaoping on that occasion we agreed to open talks on the future of Hong Kong. Our common aim was to maintain the territory's stability and prosperity. It is in a spirit of pride and of optimism about the future that I now return to sign the agreement which is the result of those talks.

I think you will agree that the negotiations were not always easy. At certain points there were difficult decisions to be made on both sides. There were moments of tension. To overcome these difficulties we needed to draw on a shared fund of goodwill, on friendship and on a common commitment to Hong Kong's future. This was what made success possible. I should like to pay tribute to the dedication of the two negotiating teams and all their supporting staff, under the guidance of Sir Geoffrey Howe and State Councillor and Foreign Minister Wu Xueqian. It is thanks to the imagination and resource which they showed that we can sign an agreement today.

The agreement fully meets the political requirements of Britain and China, as well as the interests of the Hong Kong people. It provides the framework in which, as a special administrative region of the People's Republic of China, Hong Kong will maintain its economic system and way of life for 50 years after the first of July 1997, it gives Hong Kong a high degree of autonomy, Hong Kong people will administer Hong Kong and the special administrative region will pass its own legislation. It allows Hong Kong to continue to decide its own economic, financial and trade policies and to participate as appropriate in international organizations and agreements. It preserves Hong Kong's familiar legal system and the rights and freedoms enjoyed there. In short it provides the assurances for the future which Hong Kong needs, in order to continue to play its unique role in the world as a trading and financial centre.

These qualities in the agreement have been recognized by the British Parliament and by the Standing Committee of the National People's Congress of China, which have approved the intention of our governments to proceed to signature. The agreement has been subject to a thorough public debate among those whose future it will determine -- the people of Hong Kong. Although they have expressed some reservations and sought clarification on particular points. They have clearly judged it acceptable to them as a whole.

The agreement has been widely praised by other governments, in international organizations and in financial and economic circles. The secretary general of the United Nations has described it as an example for other countries of the way in which difficult international problems can be successfully resolved. International goodwill and support will be vital for Hong Kong in the future, and I have no doubt that it will be forthcoming.

I should like to pay a tribute to the leaders of China for the vision and farsightedness of their approach to the negotiations. The concept of "one country, two systems" -- preserving two different political, social and economic systems within one nation has no precedent. It offers an imaginative response to the special historical circumstances of Hong Kong. The concept is an example of how apparently intractable problems can, and should be resolved.

The agreement is a basis on which the people of Hong Kong will build. They will bring to the task the energy, persistence and determination for which they are rightly famous throughout the world. I am confident that they will make Hong Kong an even more flourishing place than it is today.

Britain and China share a continuing responsibility to maintain the conditions within which the people of Hong Kong can realize this goal. We have laid the foundation in this solemn international agreement. We have created, in the Sino-British joint liaison group, a forum for co-operation over its implementation. We have demonstrated the strength of our commitment to it today by the signatures that you, Mr. Premier, and I have set upon it. I am heartened by the assurance which your government has repeatedly given that the arrangements for Hong Kong contained in the agreement are not measures of expediency. They are long term policies, which will be incorporated in the basic law for Hong Kong and preserved intact for 50 years from 1997.

For my part I pledge that the British Government will do all in its power to make the agreement a success. It will be our pride and our pleasure to administer Hong Kong up to 30 June 1997 in accordance with the highest principles of British administration. We shall administer it prudently with foresight in the best interests of the people. In accordance with the terms of the agreement we shall be ready to consult with the Chinese Government through the joint liaison group to ensure a smooth transition and we are pleased that this consultation will extend beyond 1997 to the year 2000.

The negotiation itself has brought our countries closer together. It has increased our mutual understanding, respect and trust. I am convinced that as we work together in the future we shall be laying the foundation for an even closer and deeper relationship. That is good for Britain, good for China, and good for the world. Above all it is good for the people of Hong Kong.

We are privileged today to take part with our Chinese friends in a unique occasion. The circumstances are unique, the agreement is unique. It is right that we should feel a sense of history, of pride and of confidence in the future. May I thank you for the privilege of being present at the signing ceremony.

Zhao: Basic Law by 1990

OW191310 Beijing XINHUA in English 1255 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese Premier Zhao Ziyang said here this evening that if things went well, the basic law on Hong Kong would be promulgated not later than 1990. But the drafting, he said, would not start until the National People's Congress approved the establishment of a Hong Kong special administrative region. The premier made this announcement before a hundred or so British and Hong Kong reporters shortly before he gave a state dinner in honor of British Prime Minister Mrs. Margaret Thatcher in the Great Hall of the People.

Responding to another question, Premier Zhao promised that while the basic law was being drafted, views of the people in Hong Kong would be fully solicited.

Asked about possible reform of Hong Kong's Government structure during the transition period up to 1990, Zhao Ziyang replied that in principle he would like to see more and more Hong Kong people play their role in the local government. "We hope that any reform of the government restructure during the transition period will be conducive to Hong Kong's prosperity and stability and to the transfer of government. Mrs. Thatcher and I touched on this question in our talks this morning, and we have reached complete identity of views," he added.

Answering another question, the Chinese premier said that this morning he had renewed China's invitation to the British queen to visit China and that Mrs. Thatcher said that the queen had accepted the invitation. As for the specific time of the visit, Zhao said that it would be better for the prime minister to make the announcement.

Zhao Hosts Banquet

OW191213 Beijing XINHUA in English 1157 GMT 19 Dec 84

[Text] Beijing, December 19 (XINHUA) -- Chinese Premier Zhao Ziyang gave a grand banquet in honor of the visiting British prime minister, Mrs. Margaret Thatcher, at the Great Hall of the People here this evening. The banquet started at 19:50 with a military band playing the national anthems of Britain and China. More than 500 people attended the banquet. The spacious banqueting hall was draped with the national flags of the two countries and the main table was decorated with a brace of peacocks, carved out of vegetables, displaying their fine tail feathers, a symbol of felicitation in China. The two leaders delivered speeches at the banquet.

HONG KONG OFFICIALS MEET PRC LEADERS IN BEIJING

Li Xiannian Meets Guests

OW181220 Beijing XINHUA in English 1205 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- President Li Xiannian met here tonight 101 Hong Kong compatriots who are invited here to attend the signing ceremony for the Sino-British joint declaration on the Hong Kong question.

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President Li greeted them at the entrance of the meeting room of the Great Hall of the People and had a group photo taken with them.

Ji Pengfei, state councillor and director of the Hong Kong and Macao Affairs Office under the State Council, was present. The Hong Kong compatriots arrived here this afternoon.

Upon their departure from Hong Kong, they were seen off at the airport by Li Chuwen and Qi Feng, deputy directors of the Hong Kong Branch of the XINHUA NEWS AGENCY.

Li Converses With Y.K. Pao

HK190426 Beijing ZHONGGUO XINWEN SHE in Chinese 1416 GMT 18 Dec 84

[Report: "Li Xiannian Has a Friendly Conversation With Yu-kong Pao"]

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE) -- This evening, at the Eastern Hall of the Great Hall of the People, when meeting with people from all walks of life of Hong Kong attending the official signing ceremony of the Sino-British joint declaration, President Li Xiannian had a friendly conversation with Yue-kong Pao, chairman of the Worldwide Shipping Group, who arrived first.

Li Xiannian asked Yu-kong Pao to sit on the sofa beside him.

Pao: How are you, President Li?

Li: Fine! I am old! How are you?

Pao: So far so good. I am 67.

Li: You are much younger than I! How are you getting on, shipping magnate?

Pao: The shipping business is fair. The present tempo of shipbuilding is too high and too fast. Science has developed very rapidly, but we cannot keep abreast of the situation in some respects in the country. It is very difficult to make a telephone call in Beijing.

Li: Many people have criticized us for failing to solve the telecommunications and liaison problem.

Pao: Domestic construction has developed very rapidly, but education should also catch up with it. I am a native of Ningbo but there is still not a university in Ningbo. Beijing has developed very rapidly and a large number of new houses have been built. There are not many new houses in Shanghai though. Few have been built. President Li has visited many countries. What is your impression?

Li: I have seen a lot and there are good aspects. But each country also has its own difficulties.

Pao: After the signing of the agreement on the question of Hong Kong, as a person from Hong Kong, I hope the state leaders will avail themselves of the opportunity to go to Hong Kong and have a look.

Li: Hong Kong, after all, should be managed by you yourselves.

Pao: We should. We should make great efforts on our part.

Li: "One country, two systems" is a bold concept....

Just then someone reported: "President Li, the guests have arrived!"

Li stood up and, seeing that a door had just been opened, said: "Open all the doors!" People from all walks of life of Hong Kong, including Sze-yuan Chung, Roger Lobo, Yuan-hao Tien, and so on, entered in an endless stream. President Li firmly shook hands with each one of them.

Ji Pengfei Gives Banquet

OW181330 Beijing XINHUA in English 1324 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- Ji Pengfei, state councilor and director of State Council Hong Kong and Macao Affairs Office, gave a banquet for 101 Hong Kong compatriots here tonight. They are here to attend the signing of the Sino-British joint declaration on Hong Kong.

Ji said he hoped all Hong Kong residents would pool their efforts to ensure complete implementation of the declaration and maintain Hong Kong's stability, prosperity and development.

Chinese Premier Zhao Ziyang and British Prime Minister Mrs Margaret Thatcher will formally sign the declaration tomorrow afternoon. "This historic event will attract worldwide attention" he said. "December 19, 1984 will go down in history."

The declaration, whereby China resumes the exercise of sovereignty over Hong Kong, would, said Ji, provide a solid foundation for maintaining Hong Kong's stability and prosperity. It was in the interest of all Chinese, including the more than five million in Hong Kong and of Britain and other countries involved. "It has therefore been enthusiastically supported by the Chinese and praised and welcomed in the world at large."

COMMENTATOR ON AGRICULTURE AS ECONOMIC FOUNDATION

HK170751 Beijing RENMIN RIBAO in Chinese 14 Dec 84 p 1

[Commentator's article: "Deepen Our Understanding of Agriculture Being the Foundation"]

[Text] Agriculture is the foundation of the national economy, which is a thesis familiar to all. Today, we raise this thesis again because there have emerged many fresh conditions, and it is necessary to deepen our understanding.

In the past, people paid great attention to agriculture primarily because it had a direct bearing on the supply of food to the people. In all countries, especially in large countries with a large population such as ours, the food supply is indeed a matter of primary importance. If this matter is not conducted well, it will be hard to tackle other problems. If this matter is done well, a basic guarantee will be secured for the people's livelihood. However, paying great attention to agriculture just for the sake of solving the food problem is far from adequate. Especially in recent years, bumper harvests have recorded in our agriculture, and the problem of enough food and clothing for the people has been solved; at the same time, the commodity economy in cities and in rural areas has developed considerably. If we do not study this new situation but remain satisfied with our original level of understanding, we will be unable to meet the requirements of the development of the objective situation.

Agriculture is the foundation of the national economy, due to two other reasons in addition to that of providing food to man. One is that agriculture can provide raw materials to industry, and the other is that the countryside is a vast market for the industrial products manufactured in cities. In the period of a closed natural economy, the former problem was not outstanding, and the latter problem did not have the necessary conditions. However, with the development of production, especially with the development of the large-scale commodity production, the importance of agriculture to industry becomes increasingly evident.

On the one hand, agriculture can provide to industry a continuous flow of large quantities of raw materials, and many industries would be unable to operate without the supply of raw materials by agriculture. This is true at all times, because even if industry is highly developed, it is not in a position to replace agriculture which can create things that industry cannot create. At present 70 percent of the raw materials in our light industry are supplied by agriculture.

On the other hand, rural areas with a developed economy are large markets for the industrial products which depend mainly on these markets. There are 800 million people in our countryside. Even though we can export a portion of our industrial production and sell another portion in our cities, the greatest potential market is in the countryside. If agriculture is not highly developed and the purchasing power of peasants is low, large quantities of industrial products will not be sold, thereby resulting in the stagnation or even suffocation of industrial production and a lack of reproductive vitality.

In the national economy, agriculture is the foundation and industry is the guiding force. The relationship between these two is mutually complementary, and they need to develop in a coordinated way. There are some countries which, in developing their economy, paid attention only to rapidly developing their industry while disregarding agriculture. As a result, their agriculture is not in good shape and they are not doing very well. We should draw a lesson from this.

In recent years efforts have been made in many places to conduct initial readjustment of the industrial structure in rural areas and attention has been paid to developing industry in the countryside, in order to enable the masses to get rich as soon as possible. This is a very gratifying situation.

In the countryside, the idea that there is "no way to get rich without industry" is correct, but this does not mean that we should pay our main attention to developing industry in the countryside in disregard of agriculture. The first thing is still: "No stable foundation without agriculture." At all times agriculture, forestry, animal husbandry, and fishery should be regarded as the foundation in the countryside. To achieve comprehensive development of the rural economy, it will not do to simply create new industrial zones in rural areas, and the primary thing should be the creation of advanced agricultural zones. Efforts should be made to create large-scale agricultural production, promote the benign cycle and ecological balance of nature, and use advanced science and technology as well as industrialization as the means to produce large quantities of agricultural products. The grand objective of "quadrupling total output" put forward by the 12th CPC Central Committee is an integral concept, comprising industry as well as agriculture. If agriculture fails to develop, industry will be hampered in its development, and even if industry can develop for a time, it will not be able to consolidate itself and will dwindle away in the end. In this sense, the development of the whole national economy and the quadrupling of the total output of industrial and agricultural production is based on the development of agriculture and the quadrupling of the output of agricultural production. Without modernization in agriculture, it will be impossible to realize the modernizations of industry, science and technology, and national defense.

Agriculture is the foundation of the national economy. In the past, we adhered to and implemented this principle in practice. It was absolutely correct. Now, developing the commodity economy, reforming the economic structure, and conducting the building of the four modernizations will need to uphold and implement this principle in practice. With the passage of time and the deepening of understanding the contents of the "foundation" will be increasingly enriched. But this principle is never to be neglected.

At present the rural situation is, indeed, very good. The better the situation, the more necessary it is to enhance the consciousness of the understanding of the broad masses of cadres regarding agriculture as the foundation. It is necessary to pay close attention to the new conditions in the development and change of the rural economy, attach importance to solving new problems, and arrange every aspect of work in a down-to-earth manner, in order to promote the continuous development of agriculture at a rapid pace next year and ensure the smooth progress of the economic restructuring in cities.

COMMENTATOR'S ARTICLE VIEWS ROLE OF AGRICULTURE

HK181545 Beijing JINGJI RIBAO in Chinese 12 Dec 84 p 1

[Commentator's article: "Only After the Agricultural Output Value Is Quadrupled Will the Quadrupling of the Industrial Output Value Be Further Guaranteed"]

[Text] Only the realization of the quadrupling of the agricultural output value can ensure the quadrupling of the industrial output value and the sustained and steady development of the national economy. After the rural and urban commodity economy has greatly developed and the issue of feeding the 1 billion people has been basically solved, agriculture will remain the foundation of the national economy. This state of affairs will remain unchanged for a long time.

For a large country such as ours with a population of 1 billion people, the issue of feeding the population will always be a primary issue to be settled first. Only when this issue is properly settled can the national economy progress smoothly.

If the issue of feeding the population remains an unsettled problem, other economic results will just be castles in the sky. This point has been proved by our experience in the past years. It is comparatively easy for people to understand that agriculture should be seen as the foundation for national economic development. However, not many people have come to realize the important point that the primary requirement for the growth in the national economy is agricultural development, since the countryside is a big market for industries and urban enterprises. If agriculture fails to develop rapidly, industry is unlikely to develop as rapidly as we expect and the growth rate will not be high enough. Therefore, the central leading comrades have required us to have a correct understanding of this matter and have repeatedly reminded us that only by developing agriculture can we ensure overall development of the economy.

In our country, the rural population accounts for 80 percent of the population. If the per capita income of the peasantry fails to reach a certain level, it will be impossible to raise the per capita national income to a "well-off" level. This is a special condition in our country, which is quite different from other countries. We should realize that agriculture not only provides raw materials for industry, but what is more important, it also forms a huge market for industrial goods. In our country the main market is not in the cities but in the countryside. The needs of the 800 million peasants in their production and livelihood constitute the main part of social demands. If light and heavy industry and the tertiary industry are to develop steadily and to achieve better economic results, they must arrange production according to social demands and continuously expand the size of their markets and increase their sales. Granted, part of the industrial goods can be exported, but in a developing country like ours, we should regard the vast countryside as our main market.

There has been an opinion that holds that with the development of industry, the importance and proportion of agriculture in the national economy will dwindle day after day, so the viewpoint of agriculture being the foundation of the national economy is significant only in a given period, and agriculture will not necessarily be the foundation after the industrial output value accounts for a greater proportion of the national economy. In our view, this opinion is not correct and is only one-sided. Agriculture has been and will continue to be the foundation of the national economy. This is because a considerable part of the industrial output value is converted from the agricultural output value. Take light industry as an example: most of its production has to rely on raw materials provided by agriculture. Moreover, with agriculture gradually changing into a modern intensive operation, a greater structural change will occur in agriculture in the near future and will enable agriculture to create things with which industry can hardly compete. With the rural economy moving toward specialization, large-scale commodity production, and modernization, agriculture will remain a foundation for industry. We should fully realize this point.

Under the new situation, therefore, comrades throughout the party should continue to pay keen attention to agricultural development, give more effective guidance to agricultural work, establish new relations between cities and the countryside, and lay a more solid foundation and reserve greater strength for the development of the national economy.

URBAN TABLOIDS CRITICIZED BY LITERARY FIGURE

HK190350 Beijing GUANGMING RIBAO in Chinese 11 Dec 84 p 1

[Report by Tian Yongzhen: "Noted Critic Hu Cai Points Out That Some Tabloids on Street Corners Are Poisoning Our Life"]

[Text] "Some tabloids on street corners are poisoning our life." This was pointed out by Hu Cai, a well-known critic and chairman of the Shaanxi Provincial Federation of Literary and Artistic Circles, when he recently spoke at a meeting of literary and artistic circles.

Hu Cai said: Nowadays the streets and lanes are flooded with multifarious tabloids, carrying extensive reporage of so-called "unofficial histories," "unauthorized biographies," "scandals" and "love stories" of some people, as well as stories of "robber barons" and strange tales. The plots of such stuff are preposterous and ridiculous and their artistic descriptions are terribly base and low. We should think this problem over again and again. Can these really be called literary writing? Is this socialist literature? This is a matter of vital importance to the great undertaking of socialist literature and the building of socialist spiritual civilization. Comrades should pay a good deal of attention to the problem and conscientiously analyze and study it.

Hu Cai said: It is said that some sponsors of these tabloids allege that they are engaging in a certain kind of work to "promote literature by selling their literary works" and to "sell tabloids for collecting funds for the publication of journals." Hu Cai pointed out: No matter how extravagantly and colorfully they describe what they are doing, these people solely aim at profiteering by pandering to the low taste and some backward ideas in society. Therefore, people have every reason to stand up to oppose such things, which is poisoning readers and is polluting social life and socialist literature.

'WRONG APPRAISAL' OF TIANANMEN INCIDENT NOTED

HK180916 Beijing WENZHAI BAO in Chinese No 165, 30 Nov 84 p 7

[Article from DANGSHI YANJIU [PARTY HISTORY STUDIES] No 5: "Reasons for Wrong Appraisal of the Nature of the TIANANMEN INCIDENT"]

[Text] An article written by Jin Chunwen points out: The nature of the TIANANMEN incident was wrongly appraised because it happened under the special historical conditions of the "Cultural Revolution." Apart from this fundamental reason, there are three additional main reasons:

1. Jiang Qing and her followers viciously distorted facts to deceive the CPC Central Committee and deliberately retaliate and frame others. This is a main reason for the wrong appraisal of the nature of the TIANANMEN incident.
2. Being subject to "leftist" ideas, Comrade Hua Guofeng was credulous to false reports fabricated by the "gang of four" and was subjugated to their pressure. This is a major reason for the wrong appraisal of the nature of the TIANANMEN incident.

The article notes: Comrade Hua Guofeng, as premier of the State Council and minister of public security at that time, was in charge of the routine work of the CPC Central Committee. When he chaired a meeting of the party's Political Bureau on the evening of 4 April, he said: "A group of people have come out into the open to directly attack Chairman Mao in their writings, and particularly to launch attacks on the party Central Committee." "They are very vicious." When giving a briefing on the wreaths laid at TIANANMEN Square and the poems attached to the wreaths, Comrade Wu De mentioned some units of the central authorities and Beijing City by name. He said that units which were active in laying wreaths are all involved in many problems. He said: "This was a planned action." "Its nature is clear; it is a counterrevolutionary incident." The viewpoints of Hua Guofeng and Wu De on the TIANANMEN incident are not fundamentally different from those of Jiang Qing and her followers.

3. Comrade Mao Zedong, isolated from actual conditions, was deceived by false reports and made a wrong judgement [cuo wu pan duan 6934 6137 0445 2451]. This had an important bearing on the final wrong appraisal of the TIANANMEN incident.

LIAOWANG URGES RECRUITING INTELLECTUALS INTO CPC

HK140823 Beijing LIAOWANG in Chinese No 48, 26 Nov 84 p 1

[Commentator's article: "Absorb Large Numbers of Outstanding Intellectuals Into the Party"]

[Text] There are two figures which merit people's attention. The first figure is that among more than 40 million Communist Party members across the country only 4 percent have acquired an education level equivalent to higher education and only 13.8 percent have acquired an educational level equivalent to secondary technical or senior middle school education. The second figure is that among more than 10 million technicians of various specialities in the country, Communist Party members number only 2.32 million, or 22.8 percent of the total.

These figures indicate how unsuited the cultural structure of the party member contingent is to the new situation facing the party and the new tasks undertaken by the party! To change such a state of affairs, besides vigorously strengthening the cultural and vocational training of the existing party members as well as encouraging them to study on their own through many channels, it is necessary to absorb large numbers of intellectuals who are already qualified for party membership and to enable the party to include thousands upon thousands of specialists of various trades who possess knowledge of modern natural science and social science. This is of extremely important significance for increasing and improving the cultural quality of the contingent of party members and enabling the party to truly become a strong nucleus in leading the building of socialist modernization.

It is not only necessary but also possible to absorb large numbers of outstanding intellectuals into the party. The intellectuals in our country have always made important contributions both in the period of revolutionary war and in the era of socialist revolution and construction. The party central committee has long ago specifically announced that intellectuals are part of the working class and are an equally important force to rely on, just as the workers and peasants are.

The intellectual contingent in our country primarily consists of three kinds of people. The first kind of people are those 11 million university graduates and secondary technical school graduates nurtured by New China itself in the past 35 years. The second kind are those considerable numbers of people who have attained the cultural level of higher education through self-study. These two kinds of intellectuals all grew under the direct education and care of the party. The third kind of people are those intellectuals educated in the old society. But they have received education from the party for a long period of time and passed severe tests, and the performance of the majority of them is good.

Among such a contingent of intellectuals who love the motherland, socialism, and the party, there are a considerable number of comrades urgently wanting to join the party, and many of them have already qualified or basically qualified for party membership. It is absolutely possible to absorb them into the party, as long as party organizations at all levels conscientiously carry out the work.

Since the 3d Plenary Session of the 11th CPC Central Committee, the work recruiting party members from among intellectuals has been given importance by more and more party organizations at every level, and the number of new intellectual party members is increasing every year. In the past 5 years, 580,000 intellectuals were absorbed into the party across the country. However, it must be noted that on the question of admitting intellectuals into the party, some comrades inside the party still have the wrong concept and understanding.

Whenever they talk about intellectuals they tend to link them with the bourgeoisie. Whenever they talk about being expert they tend to set it against being Red. Whenever they talk about mental labor they tend to isolate it from physical labor. They are not enthusiastic about absorbing intellectuals into the party and do not feel enthusiastic and happy about it. The influence of "leftist" ideology is still haunting some comrades, and some individuals are even jealous of the ability and competence of intellectuals, fearing that they might hinder them from occupying their "secure positions" after admission into the party. In brief, in some units the intellectuals' "difficulty in joining the party" has not yet been completely solved. Therefore, in order to absorb large numbers of intellectuals into the party, the influence of "leftist" ideology and those outdated old concepts must be eliminated.

Of course, in absorbing intellectuals into the party, the standard of party membership stipulated in the party Constitution must be upheld and the quality of new party members must be guaranteed. This is beyond any doubt. However, when carrying out the work, it should be noted that respecting science, persevering in truth, adhering to principles, and being creative should not be interpreted as being arrogant and conceited, that daring to speak the truth and to put forward critical opinions should not be interpreted as lacking the sense of organization or despising superiors; and that diligently and assiduously studying should not be interpreted as being only professionally competent but not politically conscious, and pursuing fame and fortune. In the work of recruiting intellectuals into the party we must also take into consideration some of their characteristics and professional habits. In judging whether a person is qualified for party membership, first of all, we should see whether he will devote his life to the happiness of the people. We should judge him in light of this main aspect rather than quibble over secondary aspects and trivial matters.

The emphasis in recruiting intellectuals into the party should be placed on outstanding young and middle-aged intellectuals. The middle-aged intellectuals constitute the major part of the contingent of intellectuals in our country and are shouldering the important task of forming a connecting link between the preceding and the following generations as well as carrying forward the revolutionary cause pioneered by our predecessors and forging ahead into the future. And the function of young intellectuals can be extended into the next century. Therefore, vigorously absorbing outstanding middle-aged and young intellectuals into the party is an important issue concerning the prosperity and flourishing of the cause of our party, as well as concerning the life of the party. Attention in recruitment should also be directed to aged intellectuals who are desperately anxious to join the party and are qualified for party membership. Special attention must be paid to those units which have comparatively more intellectuals but few party members. Recruitment work must be strengthened there to change their present situation as soon as possible. The recruitment work on campuses among postgraduate students, university students, and secondary school students must be strengthened. Some party members should also be recruited from among those intellectuals who are returned Overseas Chinese or relatives of Overseas Chinese.

Absorbing large numbers of outstanding intellectuals into the party is in compliance with the needs of accelerating the construction of the four modernizations as well as rejuvenating China; it is also in compliance with the needs of the construction of the party in this new era. Party organizations at every level as well as all the comrades in the party should all proceed from ensuring the realization of the strategic requirements of the main goal and main task of the party in this new era in energetically accomplishing the task of recruiting intellectuals into the party.

'ENLIGHTENED' DELEGATION OF POWER ENCOURAGED

HK170417 Beijing GUANGMING RIBAO in Chinese 9 Dec 84 p 3

[Article by Liu Peng: "Powers Must Be Delegated in an Enlightened Manner: Service Must Be Meticulous"]

[Text] Comrade Hu Yaobang has said most recently at the forum for the leading members of Jiangsu, Henan, and Anhui: "Powers must be delegated in an enlightened manner, and service must be meticulous. It is necessary to do away with all resistance which impedes the invigoration of the ideology, organization, and systems of enterprises." This has not only clarified our understanding of the functions of state organs in economic management, but also enabled us to have a clear understanding on how to correctly handle the relations between the state and enterprises.

The key link to the reform of the economic structure is to enhance the vitality of enterprises, so that an enterprise may become a cell which is able to reproduce itself. To achieve this, it is necessary to give the enterprises appropriate conditions for their self-expansion and self-development; namely, the enterprises should have their own powers to increase or reduce and to select in such fields as personnel, finance, materials, production, supply, and marketing. This is the objective demand to invigorate the enterprises, and the necessary condition for the enterprises to bring their initiative and creativity into play. However, over a long period of time the functions of state organs in economic management have been misunderstood as taking direct control of the routine activities in the management of the enterprises: as a result, there has been confusion between the functions of government and enterprise, and the state economic departments have undertaken many things which they should not have taken into their charge and were beyond their capabilities, or which they failed to do a good job in. Since those matters should not be left in their charge, they should not undertake them, but should delegate powers to the enterprises, requiring the enterprises themselves to assume the responsibilities. Under the condition of a more and more competition in the market with each passing day, the enterprises will show more concern than the state organs do as to what the enterprises should produce, and how to improve their quality and to reduce production cost.

In reference to the delegation of powers, some of our comrades have not been so enlightened. First, rather than delegating power to the enterprises they have only delegated them to the departments. In the reform of substituting taxes for handing profits over to the state, some prefectures and counties are essentially still adopting egalitarian measures to protect those backward enterprises by covering the deficits of some enterprises with the profits of others. Second, when the industrial bureaus of some government organs, interfering with the production management activities of enterprises and requisitioning some of their profits. Thirds, the responsible economic departments of some cities have grasped the powers of some large-type enterprises originally under the jurisdiction of departments at the central level now delegated to the cities. These enterprises feel that their situation of being rigidly controlled has not been changed much: only that those who are controlling them have changed from "a father to a big brother."

The three conditions mentioned above have demonstrated that the decisionmaking powers of many enterprises in management policy and operation has not been genuinely expanded. If things go on like this, how can the enterprises be made lively? Our comrades concerned should be more enlightened, they should delegate those powers which the enterprises should have to the letter.

Some comrades may possibly hold that if powers are delegated to the enterprises, how is the government to keep control of them?

Here we should have a clear understanding as to what powers are delegated. According to the stipulations of the "decision of the CPC Central Committee on reform," the powers delegated to the enterprises are management powers belonging to the enterprises, which are necessary for the enterprises as economic bodies, while the administrative powers in the government's control need not be delegated.

On the strength of power in this respect, the government may exercise leadership and control over the enterprises. However, such control does not mean to directly interfering with the specific management affairs of the enterprises, but rather that stress should be laid on control in such respects as planning, principles, policies, the exploitation of natural resources, technologies and talents, the collection and dissemination of information, coordination, investigation and study, urging, and examination. In short, it is to serve the enterprises. To serve the enterprises, to serve production, and to serve the workers, peasants, and the intellectuals are the bounden duties of the people's governments, and also the true nature which party cadres should acquire.

In order to genuinely delegate powers to the enterprises and to provide meticulous and good services for the enterprises, it is necessary to eliminate the resistance of all kinds of ideology, organization, and systems which impede the invigoration of the enterprises.

First, it is necessary to establish the concept of serving the enterprises heart and soul. Over a long period of time, our leading economic organs have very seldom taken into consideration serving the grassroots units and enterprises, but required the latter to center around the leading organs in their activities. In many respects, work has not been done to provide conditions for the invigoration of the enterprises, but a more and more rigid control has been exercised over them. Now, it is necessary to break away from such concept and practice, and eliminate the style of "bureaucratic-industry" and "bureaucratic-commerce," and all leading organs at various levels should solve the difficulties of the enterprises, help them solve those problems and difficulties which need to be solved but are beyond their powers, in order to make it convenient for the enterprises to become economic cells which are full of vitality and vigor. Some localities have proposed that service be grasped prior to production, readjustment be grasped in the course of production, and conversion be grasped after production, and conversion be grasped after production, which is worth our reference. Our leading organs at all levels should shift their entire work in a down-to-earth manner to the track of developing services for production, for grassroots units and enterprises, insuring the prosperity of the state and the happiness of the people.

Second, it is imperative to streamline administration and delegate power. In our present leading economic organs there exist such phenomena as a dilatory work style, disregard for efficiency, irresponsibility, and shifting responsibility onto others, which are inseparable from the overlapping of organs, the separation of departments, leadership of multi-departments, and more hands than needed. In order to change such a situation, it is imperative to delegate power. And to delegate power, it is imperative to streamline administration. Without streamlining administration, the delegation of power will be empty words. When administration is streamlined, when there are less organizations and the personnel is more efficient, efforts will be concentrated on macroscopic management and services. And leading organs can be free of those specific affairs which they should not have undertaken, which are beyond their capabilities, or which they would fail to do a good job in.

Third, it is necessary to draw up rules and regulations. It is imperative to reform all old rules and regulations which impede the enterprises to exercise their self-decision powers, and to draw up new rules and regulations, in order to ensure that the enterprises implement the self-decision powers stipulated in the "decision." When the necessary rules and regulations are drawn up, they should be strictly abided by. Regarding those who violate the rules and regulations, no matter who they are they should be investigated, responsibility affixed, and seriously dealt with.

The practice in recent years has demonstrated that the key link to enhancing the vitality of the enterprises is the reform of the economic structure, while the delegation of powers and services of the state organs are the key to the invigoration of the enterprises. So long as efforts are exerted on the delegation of powers and providing services, a good job will certainly be done well in practicing leadership over the enterprises.

9 CITIES PERMITTED TO DIRECTLY ISSUE ENTRY VISAS

HK190308 Beijing ZHONGGUO XINWEN SHE in Chinese 0846 GMT 18 Dec 84

[Text] Beijing, 18 Dec (ZHONGGUO XINWEN SHE) -- A spokesman for the Ministry of Public Security today declared: The ministry recently decided that some entry-exit cities will be allowed to directly issue entry visas to passport holders. These cities are Beijing, Tianjin, Shanghai, Hangzhou, Fuzhou, Xiamen, Guilin, Kunming and Xian.

The spokesman said that this measure has been adopted to meet the needs of opening China's door wider to the outside world and to serve the convenience of foreign nationals, Chinese of foreign nationality and Overseas Chinese who come to China to set up factories and invest as well as tourists and those who come to China to visit their relatives.

These cities will issue visas to applicants as specified in the following three categories: Foreign nationals, Chinese of foreign nationality, Overseas Chinese and Taiwan compatriots who enter the special economic zones, the 14 coastal open cities, and Hainan Island to set up factories, hold trade talks, and carry out economic and technological activities; foreign tourists going to China's open areas and Chinese of foreign nationality, Overseas Chinese and Taiwan compatriots who come to China to visit their relatives and friends; and other applicants who come to China for certain business purposes, or the above-mentioned personages who are invited by China's departments concerned.

It has been learned that Tianjin has already started the work of directly issuing visas. Beijing will start on 20 December after a visa office of the Beijing City Public Security Bureau has been established at the capital international airport. The measure will be effective as of 1 January 1985 in the rest of the cities.

CONTROLS RELAXED ON PRIVATE BUSINESS TRAVEL

HK140955 Beijing ZHONGGUO XINWEN SHE in Chinese 1322 GMT 13 Dec 84

[Report by Li Wei: "China Further Relaxes Controls Over Citizens Going Abroad on Private Business"]

[Text] Beijing, 13 Dec (ZHONGGUO XINWEN SHE) -- Chinese citizens applying for permission to leave the country on private business will no longer have to wait indefinitely for a reply from the Public Security Department. Their applications for permission to go abroad will be given a definite answer within 60 days. Those applications that need immediate attention, with good reasons given, can be processed any time.

This is a measure recently taken by the Ministry of Public Security to further relax controls over people leaving the country on private business.

According to what was revealed to this reporter by a responsible person of the Exit and Reentry Control Department of the Ministry of Public Security, the number of people allowed to leave the country on private business last year was nearly 30 percent more than in the preceding year. A further increase was registered this year. This helped people in seeing their friends and relatives abroad. But in the business of examining and approving relevant applications, there still exists the influence of ultraleftist thinking. There are such phenomena as approval not being given where it should have been, causing an unnecessary waste of time, imposing overelaborate formalities, and so forth. To change such a situation, the Ministry of Public Security has recently formulated measures to further relax controls over people leaving the country on private business. It has urged the public security bureaus in various areas to resolutely carry out these measures.

This official said that any demand by an applicant that is reasonable will be fully satisfied. "Leftist" and time-wasting or tardy ways of doing things can no longer be tolerated.

The new measures adopted chiefly call for the following:

-- We must organize all personnel responsible for examination and approval to restudy relevant regulations on relaxing controls over departure from the country on private business and to link realities with the elimination of "leftist" thinking. Those personnel who are seriously affected with ultra-leftist thinking, and who act contrary to the policy on relaxing controls over departure from the country on private business and also refuse to mend their ways after being subjected to criticism and education, must be transferred from their relevant duties. The purpose is to strengthen those organs and forces responsible for examination and approval.

-- Any application for permission to leave the country on private business must be approved or disapproved as soon as possible. The sooner the better. But the applicant must be informed of the outcome within 60 days. Those applications that call for immediate attention must be processed any time, in order to avoid any unnecessary delay to those who want to leave the country on business. Backlogs of applications for departure from the country on private business must be all cleared up as soon as possible.

-- What is to be examined and investigated to qualify for approval must be reduced to the bare essentials. All those things that have nothing to do with departure from the country and need not be looked into must be left alone. An investigation and confirmation of fundamental conditions will do.

-- Overelaborate procedures about examination and approval must be reformed. All applications for exit visas must be handled by public security bureaus at and above the county and city levels. The practice of certain areas leaving such business to the decision of local police stations and other basic-level public security organs, or units where an applicant belongs must be immediately stopped.

-- The power of examining and approving applications for departure from the country must be delegated to the lower levels and relevant formalities simplified. In light of concrete conditions, provinces and autonomous regions can delegate the power of examining and approving applications for departure from the country and for the issuance of passports to the public security bureaus at the level of a city under the provinces or the autonomous regions. (The business of examining and approving applications for permission to leave for Hong Kong and Macao is still concentrated in provinces and autonomous regions.)

Meanwhile, the procedures and levels connected with examination and approval must be reduced. Any application that can be examined and approved by the leadership at the section or department level need no longer be referred to higher levels.

JIEFANGJUN BAO CONDEMN CADRES PRACTICING FRAUD

OW181251 Beijing Domestic Service in Mandarin 0200 GMT 18 Dec 84

[Text] JIEFANGJUN BAO on 18 December carried a commentator's article entitled: "Combat the Bad Practice of Practicing Fraud for Personal Gains." The article says: People have complained a lot and newspapers have exposed quite a few stories about the bad practice of practicing fraud and paying lip service. However, many people still enjoy doing that and feel at ease and justified. Some people, accustomed to seeing others practice fraud, are unable to arouse their own indignation and do not bother to stop them. Some leading cadres choose to turn a blind eye even though they are aware of some suspicious behavior of their subordinates.

Why is this so? One important reason is that the party spirit of these comrades is impure. Party spirit and principles require us Communist Party members and revolutionary cadres to strictly uphold the ideological line of seeking truth from facts in all our activities. Respecting objective facts is a basic precondition for seeking truth from facts. We must refrain from embellishment in reporting to superiors on our work, not conceal faults or excessively praise merits in summing up experience, or exaggerate at will in commending the advanced and setting up an example. Only by doing so can we keep leading comrades at all levels fully informed of the actual conditions so that they can correctly exercise their leadership, offer a real, endearing, and respectable example for comrades in other units to gain some useful experience, and make continued improvement and progress in our own work. Deceiving oneself as well as others by making fabrications, denying facts, and turning a small problem into a big one or a big problem into a small has brought us enough bitter lessons. Should we not maintain a high degree of vigilance against this?

Party spirit and principles require us Communist Party members and revolutionary cadres to be loyal, honest, open, and aboveboard to the party and think and act in one and the same way. However, many people who practice fraud and pay lip service have no regard whatsoever for this. More often than not they proceed from their own personal gain and positions in approaching a problem or carrying out work. They do not care a bit what damage they have done to our work and to the prestige of the party and Army as long as they can swindle others for a while and thereby gain some profits. Some people do not even have any scruples about violating party discipline and state laws. Can we still say these are just ordinary problems in ideology and work style?

Some people like to justify what they are doing with the excuse of winning honor for their collectives. What they are really saying is that they deserve all the credit if their units happen to be any good, and they should be the first to be promoted if their units merit commendation. Their behavior does not have any common ground with the ideology and qualities proper to Communist Party members and revolutionary cadres.

Like abusing power for personal gain, practicing fraud is a negative factor totally incompatible with the victoriously developing new situation in which the entire country and the Army are vigorously carrying out reforms. We must not treat it lightly. To check this unhealthy practice, we must, certainly, first of all strengthen ideological education to make the erring cadres understand the righteous cause, take pride in being an honest Communist Party member of revolutionary cadre, and regard practicing fraud for personal gain as a disgrace.

However, we should seriously deal with those who refuse to mend their ways despite repeated admonition or who go so far as to violate party or military discipline. We must not let this unhealthy practice go unchecked.

INTEREST RATE OF TREASURY BONDS TO BE RAISED

OW181121 Beijing XINHUA in English 1038 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- China will raise interest rates and shorten repayment periods on its treasury bonds from January 1, 1985, it was announced here today. According to revised regulations issued by the State Council, the interest on treasury bonds bought by government institutions, people's organizations and enterprises will be raised to five percent from the current four percent. The rate for bonds purchased by individuals will be raised to nine percent from eight percent. Individuals can discount their treasury bonds or use them as mortgages in Chinese banks. Receipts will be given for amounts over 1,000 yuan to protect owners if bonds are lost or stolen.

The period of repayment on the bonds will be shortened to five years from the current ten years. China began offering state treasury bonds in 1981 to help raise new funds for its modernization programs. Bonds valued at four billion yuan a year were sold in 1981, 1982 and 1983. By the end of this November, sales to government and public organizations and individuals came to 4.11 billion yuan, 2.9 percent ahead of state targets for 1984.

Regulations Issued

OW181413 Beijing XINHUA Domestic Service in Chinese 0244 GMT 18 Dec 84

[Text] The State Council on 27 November promulgated the "Regulations on the 1985 Treasury Bonds of the People's Republic of China," the text of which follows:

Article 1: It has been decided to issue the 1985 treasury bonds of the People's Republic of China to appropriately pool the financial resources of all sectors for the socialist modernization.

Article 2: The targeted purchasers of the treasury bonds are: state-run enterprises, enterprises of collective ownership, departments in charge of enterprises and local governments; organs [ji guan 1894 7070], organizations, PLA units, institutions and well-to-do rural communes and production brigades and teams; and individual persons of town and the countryside.

Article 3: The amount of the treasury bonds to be floated will be determined by the State Council and they will be issued from 1 January 1985. The deadline for handing in the payment is 30 June for units and 30 September for individuals.

Article 4: The interest rate of the treasury bonds is 5 percent per annum for units and 9 percent per annum for individuals.

Computations of the interest of the treasury bonds will uniformly begin on 1 July 1985. No interest will be given for payments made in advance. The interest will be paid at the same time as the principal and will not be compounded.

Article 5: The bonds will be issued in renminbi. Units and individuals purchasing more than 1,000 yuan will be given treasury bond receipts to which purchasers' names can be affixed and which can be reported for loss. Individuals purchasing less than 1,000 yuan will be given treasury bonds in four denominations: 5, 10, 50, and 100 yuan.

Article 6: The treasury bonds will mature in 5 years, and the principal and interest will be repaid at the same time in the 6th year after issuance.

Article 7: The issuance of the treasury bonds and payments of the principal and interest will be handled by the People's Bank of China and its subordinate units.

Article 8: The funds generated by the issuance of the treasury bonds will solely be used by the State Council according to the needs of the national economic development and the overall balance.

Article 9: The treasury bonds can be mortgaged for loans and, purchased by individuals, discounted at banks. Specific formulas that this will be made by the People's Bank of China.

Article 10: Those who forge the treasury bonds or damage the credibility of the treasury bonds will be punished according to law.

Article 11: The Ministry of Finance is authorized to give interpretation of the articles of the treasury bond regulations.

WORLD BANK LOANS TO INVESTMENT BANK NOTED

OW180929 Beijing XINHUA in English 0716 GMT 18 Dec 84

[Text] Beijing, December 18 (XINHUA) -- The investment Bank of China has so far taken long-term foreign currency loans of 245 million U.S. dollars from the World Bank, bank officials told XINHUA today. By the end of November, the Bank had approved loans to 96 projects requiring foreign currency of 120 million U.S. dollars. The total funding for the projects will reach over 600 million yuan, the official said. The bank specializes in using foreign funds for the upgrading and expansion of domestic enterprises.

Among the projects receiving loans are Shanghai and Tianjin paperboard factories and detergent factories each producing 50,000 tons a year. These require an investment of over 20 million yuan each. Most of the projects will be completed in two or three years, and will repay the loans within two or three years thereafter.

The bank was set up in late 1981. It has opened six new branches this year in Beijing, Shandong, Anhui, Zhejiang, Guangdong and Heilongjiang -- for a total of 13 throughout China -- and will establish more in cities requiring more bank business, including 14 coastal cities designated earlier this year to further open to foreign investment. The investment bank will also take in foreign funds by tapping other sources, bank officials said.

FOREIGN INVESTMENT, OPEN-DOOR POLICY VIEWED

HK180924 Beijing XINHUA Hong Kong Service in Chinese 0300 GMT 17 Dec 84

[Handwritten report]

[Text] Beijing, 17 Dec (XINHUA) -- China opened its doors wider to the outside world in 1981. This new situation has demonstrated a bright future for foreign investors.

According to figures compiled, China approved the establishment of 172 joint ventures with foreign investors in the first half of this year, with a total investment of over U.S. \$220 million. And the situation in this respect has been more encouraging in the second half of this year. It is expected that work of opening to the outside world will greatly develop in scale in the coming year.

Such a new situation appearing in China this year has advanced four modernizations and facilitated more favorable opportunities for businessmen from the Hong Kong-Macao region and many countries in the world in their investment in and cooperation with China.

One of the major features of opening China's doors wider to the outside world is that we have opened up more and more areas. Since the 3rd Plenary Session of the 11th CPC Central Committee, we have established four special economic zones -- Shenzhen, Shantou, Zhuhai, and Xiamen. This year we added 14 open cities such as Dalian, Guangzhou, and Beihai, as well as Hainan Island. Thus an advanced area of opening to the outside world has come into being along the coast of our country. Dalian, Tianjin, and Shanghai are now busy developing their economic and technological districts. These districts will have more powers in approving projects built with foreign funds and will follow some special policies applied to the special economic zones.

Besides the special economic zones and the aforementioned open cities, Beijing, Wuhan, Shanghai, Xian, Dalian, Shenyang, Taiyuan, and Tianjin one after another have held trade talks for economic and technological cooperation with foreign countries.

Such development has aroused great interest of people of the economic sectors of many countries in the world. The investment symposium for China's open cities, which was held in Hong Kong last month, attracted more than 170 firms from various parts of the world. They have concluded contracts, accords, and protocols for more than 400 projects with China, amounting to U.S. \$4.95 billion.

Furthermore, 40 oil companies of the United States, Japan, Britain, Canada and other countries have planned to participate in the work of exploiting China's oil resources. In particular companies of the United States, Japan and Britain have a keen interest in investing in China. They believe that China's market has great potential for investment.

Another feature of the new situation in opening China's doors wider to the outside world is that we have adopted more flexible policies and offered more preferential treatment to foreign investors. In order to absorb more foreign funds, the Chinese Government has promulgated nearly 100 laws, rules, and regulations pertaining to foreign economic activities, formulated more flexible policies for foreign businessmen with regard to taxation, products and marketing in China's market, and adopted more than 30 measures for exemption from taxes. This year the Chinese Government decided to open part of China's domestic market to products of foreign investors and decided that profits gained by foreign traders in China can be remitted out in foreign currency. Meanwhile, China's financial institutions have now been able to render better service and provide more conveniences for foreign investors in China.

China's foreign trade in 1984 increased by a big margin. It has been made known that by the end of October the total volume of imports and exports increased by 12.4 percent over the corresponding period last year, amounting to U.S. \$35.37 billion. Meanwhile, China has overfulfilled its annual export plan 2 months ahead of schedule this year. It is expected that export volume will reach U.S. \$50 billion next year.

Experts believe that both imports and exports will surely further increase in 1985. Therefore, the departments concerned are now planning to take some practical measures to this effect. For example, products whose importation is now restricted will be reduced from 17 to 11 with a view to promoting foreign trade.

NUCLEAR SOCIETY INAUGURATED IN BEIJING

OW190525 Beijing XINHUA Domestic Service in Chinese 1257 GMT 18 Dec 84

[By reporter Zhuo Peirong]

[Text] Beijing, 18 Dec (XINHUA) -- The Beijing Nuclear Society was inaugurated today. Speaking at the inaugural meeting, Jiang Shengjie, director of the State Bureau of Nuclear Safety and president of the China Nuclear Society, said: The purpose of establishing the society is to centralize the scattered nuclear scientific research forces, and tap their potential, in order to contribute more to building the capital and benefiting the people.

There is a relatively large number of nuclear scientific research forces in Beijing. However, due to barriers between departments, we have been unable to bring into full play the role of the forces in the economic construction of the capital. Jiang Shengjie pointed out that the inauguration of the society and its future work would improve the situation, as well as give an impetus to all nuclear, scientific research forces in the country, in providing better service for the national economy.

At the inaugural meeting, nuclear experts submitted papers which contain specific suggestions for utilizing nuclear energy in building capital, including development of nuclear medicine, popularization of irradiation technology in the food industry, and improvement of the effectiveness of the existing nuclear facilities.

POLICYMAKING INFORMATION JOURNAL PUBLISHED

HK080257 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 7 Dec 84

[Text] JUECE YU XINXI YUEKAN [POLICYMAKING AND INFORMATION MONTHLY], China's first information journal for policymakers in all sectors and trades, came out with its inaugural issue in Wuhan on 5 December. The issue contains special commentaries by Wang Quanguo, Yu Guangyuan, and Mi Jiafan on policymaking; it carries a newsletter introducing how Hebei Provincial CPC Committee First Secretary Gao Yang provides careful guidance for economic work; it also introduces the experiences of Wuhan and Shashi cities in reforming the economic structure, and the new achievements in reforms at No 2 automobile plant, Tianjin Daqiu Zhuang, and Wuhan [word indistinct] plant. In addition, beginning with the inaugural issue, the journal will carry instalments of "Essential Reading for Policymakers," newly published in the United States.

The journal contains several dozen special columns including a forum on policymaking, information for policymaking, the business of policymakers, reflections, explorations, contending and blooming, basic knowledge of policymaking, and general review of ancient and modern policymaking. The content is rich, and it is a brain trust for policymaking, a staff officer for reform, a treasury of information, and a good study companion.

CIRCULAR PROMOTES POLICE-PEOPLE CAMPAIGN

OW1900459 Beijing Domestic Service in Mandarin 1200 GMT 17 Dec 84

[Text] The Ministry of Public Security recently issued a circular calling on public security organs in all localities to carry out the cherish-the-people month activities during the 1985 New Year and Spring Festival.

The circular points out: Public security organs in all localities should organize cadres and police to take action to ensure smooth reform of the economic structure. They should take effective measures to prevent cadres and police from deliberately obstructing normal economic activities, seeking private interests, or committing other law and disciplinary violations.

The circular says: It is necessary to promote the joint police-people campaign to build spiritual civilization. Localities which have already launched the campaign should seriously sum up experience, discover shortcomings, and systematically take measures to perfect the campaign. Localities, which have not yet started the campaign, should start it as soon as possible. All cadres and police should vie to be model persons in building socialist spiritual civilization, advance the glorious traditions of the people's policy of cherishing the people, enthusiastically doing good things for the people, and be their close friends.

The circular says: During the cherish-the-people month, it is necessary to take a further step to rectify discipline and work style in the public security cadres and police. It is necessary to deal sternly with any cadres and police who blackmail, beat, swear at, bully, or oppress the people, infringe on the people's interests, or otherwise violate law and discipline. It is necessary to ensure that all public security cadres and police perform their duty, enforce law and order, and handle cases in a civilized way.

BUREAU ESTIMATES INDUSTRIAL, AGRICULTURAL VALUE YUAN

HK190232 Beijing XINHUA Hong Kong Service in Chinese 0045 GMT 19 Dec 84

["China's Total Industrial and Agricultural Output Value Will Top 1 Trillion Yuan" -- XINHUA headline item handwritten]

[Text] Beijing, 19 Dec (XINHUA) -- JINGJI RIBAO reported today that the State Statistical Bureau estimates that China's 1984 total industrial and agricultural output will top 1 trillion yuan for the first time. The gross social output value, the total industrial and agricultural output value, national income, the output of grain, cotton, and oil, and the output of 40-odd major industrial products have reached the targets for 1985 stipulated in the state plan.

While reporting this news, the paper said that in 1984 China has further implemented the policy of invigorating the domestic economy and opening to the outside world so that the national economy as a whole has presented a vigorous and gratifying scene.

WAN LI, OTHERS MEET WITH MODEL WORKERS

OW161437 Beijing XINHUA Domestic Service in Chinese 0904 GMT 16 Dec 84

[Text] Beijing, 16 Dec (XINHUA) -- The national representative meeting of model workers and advanced collectives of units under the Ministry of Water Resources and Electric Power held an awards ceremony in the Great Hall of the People today.

Before the ceremony was held, party and state leaders Wan Li, Wang Zhen, Hao Jianxiu, and Li Peng received all the representatives attending the meeting and had a group photo taken with them.

Vice Premier Li Peng addressed the meeting. On behalf of the party Central Committee and the State Council, he extended cordial regards to the masses of staff members and workers engaged on the frontline of water resources and power industry and warmly congratulated the representatives of the model workers and advanced collectives who had been commended would make still greater contributions to creating a new situation for the power industry.

The meeting presented 246 advanced collectives with plates and monetary awards; 457 model workers with citations of honor, silver medals, and monetary awards; and 25 special-grade model workers with citations of honor, gold medals, and monetary awards.

The 25 special-grade model workers are Zheng Jianchao, Chen Houqun, Li Huiqin, Liu Chenhui, Wu Mingju, Wang Shiyu, Zhang Gongsheng, Liang Huanmu, Zheng Shouren, Hu Shengzhou, Bo Kehan, Zhang Shiyun, Li Futian, Wu Ciguang, Long Yuqian, Wang Dianzhong, Ma Shuangling, Feng Boxing, Peng Shixiong, Zhang Chaojie, Shi Zhenhuan, He Guoan, Li Dexin, Gao Zhengqiu, and Zhang Wenfa.

WAN LI, OTHERS MOURN DEATH OF KUANG QUANJI

OW190341 Beijing XINHUA Domestic Service in Chinese 1204 GMT 18 Dec 84

[Excerpts] Beijing, 18 Dec (XINHUA) -- A ceremony to pay last respects to Comrade Kunag Quanji was held at the Beijing Hospital this afternoon. Comrade Kuang Quanji was a member of the Fifth National Committee of the Chinese People's Political Consultative Conference and adviser to the State Capital Construction Commission. He died of illness in Beijing on 5 December at the age of 69. The CPPCC National Committee presented a wreath. Wreaths were also presented by Nie Rongzhen, Wan Li, Wang Zhen, Yu Qiuli, Gu Mu, and Zhu Xuefan. Xiao Ke and other comrades went to the hospital to pay last respects to the remains of Comrade Kuang Quanji. The funeral for Comrade Kuang Quanji will conform to the principle of simplicity, and a memorial meeting will not be held. His ashes will be placed at the Babaohan Cemetery of Fallen Revolutionaries.

CHEN MUHUA INSPECTS CONSTRUCTION MATERIAL PLANT

OW181331 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 17 Dec 84

[Excerpt] On 3 December, Chen Muhua, state councillor and minister of foreign economic relations and trade, inspected the state-owned Wenzhou glass fiber reinforced plastic construction material plant, and praised its efforts in ending the importation of high-quality sanitary equipment. She urged the workers of the plant to win still greater credit for the Chinese people. Few people realize that exactly 1 year ago the plant had a deficit of over 200,000 yuan. The plant's remarkable change began with the appointment of (Chen Zhenshou), director of the plant.

LI PENG VISITS MICROCOMPUTERS EXHIBITION

OW190436 Beijing XINHUA Domestic Service in Chinese 1453 GMT 18 Dec 84

[By reporter Huang Fengchu]

[Excerpts] Beijing, 18 Dec (XINHUA) -- Li Peng, vice premier of the State Council, today visited an exhibition sponsored by the Ministry of Water Conservancy and Electric Power on achievements in employing microcomputers. He hoped that water conservancy and electric power departments would accelerate the utilization of microcomputers in order to increase economic results. The exhibition was held in Beijing 13-18 December.

WANG SHOUDAO, OTHERS ATTEND RETIREES MEETING

OW181009 Beijing XINHUA Domestic Service in Chinese 1236 GMT 17 Dec 84

[By reporter An Zhonghuang]

[Excerpts] Beijing, 17 Dec (XINHUA) -- After retirement, what should veteran cadres do so that they can continue to be useful to society, spend their remaining years at ease, and continue to contribute to the four modernizations?

To answer this question, according to retired cadres in Beijing, it is essential to handle three relationships properly: the relationship between being "officials" and "common people;" the relationship between spending the remaining years at ease and remaining useful to society; and the relationship between supporting new leading groups and not intervening in or monopolizing their work.

The conference of representatives of retired cadres in Beijing, which concluded today, reviewed and discussed their experience.

During the 3-day meeting, these representatives recalled how they have adapted to retirement after stepping down from busy work posts. Many retired cadres cited their personal experiences to show that the relationship between spending the remaining years at ease and remaining useful to society -- which are equally important -- is a dialectical question. They said that while good physical health is essential for remaining useful to society, continuing to do what is within one's capability is good both for mental and physical health.

These representatives have also come to realize that the best support for new leading groups consists in these three requirements: first, to be more involved in doing social work, conducting investigation and study, bringing forth ideas and suggestions, finishing what has been left unaccomplished, and rendering assistance whenever it is needed; second, not intervening in new leading groups' decisionmaking, or creating any tough problems for them or making any trouble; and third, imparting to younger cadres Marxism-Leninism-Mao Zedong Thought, the party's fine traditions and work styles, and positive and negative experiences.

Wang Shoudao, Duan Junyi, Li Ximing, Chen Xitong, and other comrades attended the meeting. They agreed that retired veteran cadres should spend their remaining years at ease and also remain useful to society. They also urged people in society to care for veteran cadres, render assistance to them, and foster a new order of respecting senior citizens.

ZHANG AIPIING INSCRIPTION FOR MARTYRS CEMETERY

OW181133 Hangzhou ZHEJIANG RIBAO in Chinese 8 Dec 84 p 1

[Text] Zhang Aiping, deputy secretary general of the Central Military Commission and defense minister, wrote an inscription on 6 December for the Yijiangshan Dao Cemetery of Revolutionary Martyrs. The inscription reads: "Eternal glory to martyrs of the Army, Navy, and Air Force who sacrificed their lives for the liberation of Yijiangshan Dao."

Yijiangshan Dao is located in the sea between Jiaojiang City and Dachen Dao. The island was liberated on 18 January 1953 by the first combined operation by our Army, Navy, and Air Force. A cemetery for martyrs was started in Fengshan, Jiaojiang City, that year to commemorate their glorious achievements.

ANHUI LAUNCHES SECOND-PHASE PARTY RECTIFICATION

HK190147 Beijing RENMIN RIBAO in Chinese 16 Dec 84 p 4

[Report by reporter Zhao Xiling: "First Batch of Units in Anhui Start Second-Phase Party Rectification"]

[Text] Hefei, 15 Dec -- According to the instructions of the CPC Central Committee and the plan of the provincial CPC Committee, the first batch of units in the second phase of party rectification in Anhui Province, after being mobilized, have one after another entered the stage of studying the documents on party rectification.

The units involved in the first batch of second-phase party rectification include the party organizations of the party and state organs under the direct leadership of the 17 prefectures and cities, 73 counties (cities), some enterprises, institutions, and units at and above the county level, large factories and mines, science and research institutes, and 20 colleges and universities of the province. Over 190,000 party members are taking part in the rectification, accounting for more than 98 percent of the total number of party members in the province.

The work of the second phase of party rectification of Anhui Province was planned at an enlarged meeting of the Standing Committee of the provincial CPC Committee held last month. The CPC Committees of all the prefectures, cities, and counties made concrete plans in light of their local situations. Seventeen prefectures and cities have set up guiding committees for the work of the party rectification and the corresponding administrative organizations for party rectification, and have held mobilization meetings for second phase party rectification. According to the decision on party rectification made by the CPC Central Committee, they are carrying out the principle of "by stages and in batches" and "from above to below" in party rectification, urging the leading comrades of the party and the state organs at all levels to set an example with their own conduct, to correct the mistakes in party rectification, to tangibly solve the problems of incorrect style of the party, and to be on special alert against unhealthy tendencies that have appeared in the party amidst the new situation of reform of the economic structure.

The second-phase party rectification began on the basis of the experiences achieved in the first phase. The party members and party organizations taking part in the party rectification are very clear about the guiding ideology for this party rectification: First, in close connection with the reform of the economic structure, to conscientiously study the "CPC Central Committee Decision on the Reform of the Economic Structure," so as to further emancipate the mind and eliminate the influence of "leftist" ideology, and carry out the work of their own districts and departments to really serve the realization of the general task and goal of the party and the reform; second, to conscientiously carry out education in total negation of the "Cultural Revolution," and really eliminate factionalism in the mind so as to strengthen party spirit and unity; third, to practically carry out education in the criteria for party members, to heighten understanding of communism, to develop the revolutionary spirit of serving the people heart and soul, and to expose and correct the incorrect tendencies of using powers for private purposes, bureaucratism, and so on, and especially to correct the newly-formed incorrect tendencies amidst the reform; fourth, on the basis of having overcome factionalism and checked and investigated the "people of three categories," to build good leading bodies and a good third echelon.

In order to strengthen leadership over the work of second-phase party rectification, many prefectures and cities have sent liaison men to the prefectoral and municipal organs under their direct leadership and to the organs of the counties and towns subordinate to them.

At present, the units that have already entered the stage of studying the documents in the party rectification have all adopted the form of leaving their work and assembling for study. While carefully organizing and guiding the party rectification, all the leading comrades of the prefectural and municipal CPC Committees are taking the lead in the study in batches. Some prefectural and municipal authorities have also assembled the leading cadres of the party at and above county level to study in batches to go a step further first, to gain experience in order to guide the overall work of rectification. During the study, the prefectural and municipal CPC Committees also ask the party members and the party organizations at all levels to concentrate on the study of the documents and to avoid formalism and paying lip service.

NANJING MILITARY REGION SOLVES HISTORICAL ILLS

0W181730 Beijing XINHUA Domestic Service in Chinese 0803 GMT 18 Dec 84

[By reporters Gu Guopu and Liu Donggeng]

[Text] Nanjing, 18 Dec (XINHUA) -- In the course of party rectification, the Nanjing Military Region, proceeding from the interest of the whole, has actively and earnestly solved the problems left over from the "Great Cultural Revolution" and brought about a new situation in which the military, government, and people make allowances for one another and work in full cooperation for the four modernizations.

Building closer ties between the military and government on the one hand, and between the military and the people on the other in the course of party rectification is an issue to which the CPC Committee of the Nanjing Military Region has attached great importance. In recent years, Nanjing Military Region units stationed in Jiangsu Province have strengthened the unity between the military, government, and people by promoting the socialist spiritual civilization and other activities alongside the people. However, because some military and local cadres did not reach a unified understanding of some major problems left over from the "Cultural Revolution," when the Nanjing Military Region executed the tasks of three supports in Jiangsu, it hampered the unity between the military and the government and between the military and the people under the new situation. In the comparison and examination phase of party rectification and in carrying out education in completely discrediting the "Great Cultural Revolution," the CPC Committee of the Nanjing Military Region paid attention to unifying the understanding of these major problems. Military Region Commander Xiang Shouzhi, Political Commissar Guo Linxiang, and five other leading comrades visited the Jiangsu Provincial and Nanjing City CPC Committees and governments of their own accord to brief them on the situation of party rectification in the CPC Committee of the Military Region and other organs. They also particularly examined their mistakes in supporting one faction against another while "supporting the left" in Jiangsu, in the so-called suppression of "16 May" elements, in implementing the "left" line, and in packing off thousands upon thousands of urban residents and cadres to the countryside. They indicated that they would draw profound lessons from the mistakes and asked local leading comrades to convey their apology to the cadres and the masses who had suffered from the mistakes of the three supports and two militaries.

The spirit of the leading comrades of the Nanjing Military Region in boldly practicing self-criticism has deeply moved the leading comrades of Jiangsu Province and Nanjing City. They noted that the military has set a good example for use by analyzing and solving the problems left over from the three supports and two militaries from the high plane of totally discrediting the "Great Cultural Revolution."

We believe that after the estrangement caused by the "Great Cultural Revolution" is cleared up through party rectification, the unity between the military and the government and between the military and the people will develop into a new level. At the same time, the military and the government have also studied ways for the military and civilians to jointly promote socialist spiritual and material civilizations. Leading comrades of the Nanjing Military Region pledged to devote greater efforts to vigorously promoting local economic construction. Leading comrades of the province and city indicated that they will further help the military in modernization with their human, financial, and intellectual resources.

JIANGSU MILITARY REGION ISSUES SUPPORT CIRCULAR

OW181323 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 17 Dec 83

[Text] The Political Department of the Nanjing Military Region recently issued a circular saying: With economic construction and reform as the center, all units under its command should support the government and cherish the people in a down-to-earth manner during the new year period and the Spring Festival of 1985.

The circular says: Units stationed in cities should assist the local authorities in doing political and ideological work regarding economic reform; units stationed in rural areas should actively support the development of commodity production so that the rural economy can be enlivened even further; units stationed in offshore islands should, in accordance with their actual situation, carry out the Military Region's plan for building Region's civilized offshore islands; and administrative organs of the Military Region's units at and above regimental level should actively promote the establishment of civilized battalions, [words indistinct] and five-good families.

The circular urges all affiliated units to organize their manpower and material resources to support the key construction projects of the state and the local authorities, saying that all major units must work out assistance plans and carry them out effectively.

The circular also urges all units to earnestly examine whose policies and disciplinary measures have been carried out, humbly solicit opinions of the local governments and people in this regard, promptly handle any problem that has been discovered, provide services beneficial to the masses, and assist the local authorities in maintaining order at railway and bus stations and ferry piers during the Spring Festival.

JIANGSU PROVINCIAL CPC HOLDS PRESIDIUM MEETING

OW190220 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 17 Dec 84

[Text] The Presidium of the Seventh Jiangsu Provincial CPC Congress held its third meeting on the evening of 17 December, presided over by Comrade Gu Xiulian. Comrade (Gu Yu), deputy secretary general of the congress, first made a report on the examination of the work report made by Comrade Han Peixin on behalf of the previous provincial CPC Committee and the work report made by Comrade Xing Bai on behalf of the provincial Discipline Inspection Committee by various delegations.

The meeting unanimously approved the draft resolution of the Seventh Jiangsu Provincial CPC Congress on the work of the Sixth Provincial CPC Committee and the draft resolution of the Seventh Jiangsu Provincial CPC Congress on the work of the provincial Discipline Inspection Committee and decided that the two draft resolutions would be submitted to the congress for discussion and approval by all delegates.

Luo Yunlai, secretary general of the congress, introduced to all presidium members for deliberation the namelists of candidates for members and alternate members of the Seventh Jiangsu Provincial CPC Committee, the provincial Advisory Commission and the provincial Discipline Inspection Committee. The meeting decided that the three namelists would be forwarded to various delegations for preliminary election.

Comrade Han Peixin gave explanations on some related questions at the meeting. The meeting also recommended namelists for recorders and elections supervisors and would submit them to the congress for discussion and approval by all delegates.

SHANGHAI CHAMBER OF COMMERCE INAUGURATED 16 DEC

OW170916 Beijing XINHUA in English 0830 GMT 17 Dec 84

[Text] Shanghai, December 17 (XINHUA) -- A chamber of commerce was inaugurated yesterday here in one of the country's largest industrial cities. Its 420 members are factory directors, managers and chief engineers. The inaugural ceremony was addressed by Shanghai Mayor Wang Daohan.

Shanghai Economic Committee Chairman Li Jiagao was elected president, and People's Political Consultative Conference National Committee Vice-Chairman Liu Jingji became honorary advisor.

Shanghai has 20,000 factories and businesses, turns out one-ninth of national industrial output and contributes one-sixth of national revenue.

Shanghai Leaders at Founding

OW171225 Shanghai City Service in Mandarin 2300 GMT 16 Dec 84

[Text] The Shanghai Chamber of Commerce [Qiyejia Julebu], organized by JINGJI RIBAO, was inaugurated at the Hengshan Hotel on 16 December. Leading comrades of the Shanghai Municipal CPC Committee and the municipal government, including Chen Guodong, He Lijiao, Wang Daohan, Ruan Chongwu, Huang Ju, and Zhu Zongbao, attended the ceremony to offer their congratulations.

The first group of members of the Chamber of Commerce covers 123 enterprises including the Baoshan general iron and steel plant and the Shanghai general petrochemical plant. The more than 400 directors, managers, and chief engineers of these enterprises will exchange information and enter into cooperation in the fields of production, technology, operation, and marketing.

YANGCHENG WANBAO ON PRICING REFORM ISSUE

HK160705 Guangzhou YANGCHENG WANBAO in Chinese 12 Dec 84 p 2

[Article by He Jie: "Reforming the Pricing System Is the Central Trend"]

[Text] The "Decision on Reform of the Economic Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee points out: "Reform of the price system is the key to reform of the entire economic structure." This is because "pricing is a most effective means of regulation." Its effectiveness is related to the important role of the law of value in economic activities.

The main drawbacks of our present system of pricing are reflected in the fact that the prices of many commodities reflect neither their value nor the relation of supply and demand, because the law of value was long neglected. Since the 3d Plenary Session of the 11th CPC Central Committee, great achievements have been made in rural reform. Apart from the introduction of the responsibility system based on output contracts, the readjustment and reform of the price structure for farm produce have also played an important role. In the previous period, reform was focused on the rural economy, and some major measures were adopted to reform the price system and management for agricultural and sideline products: On the one hand, the prices of these products were substantially raised; on the other, the proportion of goods allowed to be sold on free markets was increased, and the pricing management power was decentralized. In particular, as it was impossible to rationalize all planned prices in one move, our province moved one step ahead of other parts of the country, expanding the scope of negotiated prices for goods handled by state enterprises and restoring country fairs and urban bazaars. This has held, prices to better reflect the value of various products and the relation of supply and demand. These measures have not only enabled the peasants to increase their incomes, but also have promoted agricultural and sideline production and enriched market supply because prices basically conform to the value of various goods. With the increase in available goods on the market, negotiated prices and market prices have gradually gone down, and the gap between market prices and state-fixed prices for some goods has been narrowed. The previously longstanding abnormalities of grain output failing to increase, edible oil being in short supply, aquatic products requiring coupons, with no guarantee of supply, and no fruit being available to people in this fruit-rich area have all been changed. Practice shows that without the readjustment and reform of prices, the rural economic reform would not have achieved the desired results and brought about the excellent situation we can see today.

At present, with the further development of rural commodity production and with more farm produce gushing out, it is more urgent for us to unclog various circulation channels between cities and the countryside and to open up more markets for agricultural and sideline products so as to overcome the difficulties in selling or buying goods in some places. Excessive decline in the prices of farm produce will hinder the further development of agricultural commodity production. Recently, Guangzhou and Foshan took measures to transport local aquatic products to northern provinces. This is a good method of applying the law of value to overcome difficulties in commodity handling. Otherwise, local pond fish farming may be adversely affected.

At present, it is necessary to speed up the pace of reform of the entire economic structure with its focus on cities. Urban enterprises are the main and direct undertakers of industrial production, construction, and transportation. Invigorating these enterprises is the key to the reform of the economic structure. Urban price reform means to apply the lever of pricing to fully arouse the initiative of these enterprises and to make them more dynamic.

At present, with the unfolding of urban economic reform and the further expansion of the decisionmaking power of the enterprises, pricing will be increasingly important in regulating their production and operation. However, for some enterprises, product prices have been set too low or too high, and cannot reflect or help assess the business results of these enterprises. If product prices are set too high and thus lead to high profits and high bonuses, the producers will be wrongly regarded as having high economic efficiency, and the drawbacks in their operation may be concealed. Conversely, if product prices are set too low, the producers will continue to incur losses or fail to increase profits in spite of their efforts to improve management, and they may issue little or even no bonus to the workers, thus dampening the workers' enthusiasm for improving economic efficiency. Setting too high a price for a product and making it greatly profitable will lead to overproduction and stockpiling, while setting too low a price for a product and making it unprofitable will simply discourage enterprises from producing this product and thus lead to short supply. In some cases, price differentials for a given product of varying quality are not adequate, and this is not favorable to the upgrading of product quality and the increase in the output of quality products. In addition, for some products, regional price differences and the differences between retail prices and wholesale prices are not wide enough, and this discourages enterprises from handling these products or sending them to the countryside. In cities, the charges on housing and medical service are too low, and this does not benefit the development of these undertakings. However, some services are based on unreasonably high charges and are under rigid control, and this has caused inconvenience to the people's livelihood. In particular, the retail prices of major farm and sideline products, such as grain, edible oil, meat, and vegetables are lower than their state purchasing prices, and this requires large amounts of state subsidies and hinders the enterprises concerned from improving their business results. All the above problems have been obstructing the development of commodity production and circulation. Without solving these problems, it will be hard to advance urban economic reform. The existing unreasonable price system, if not thoroughly reformed, will continue to impede industrial and agricultural production, block the circulation channels for commodities, disturb the correct assessment of the business results of various enterprises, and affect reform of the entire economic structure.

Reform of the pricing system must be carried out as the general trend requires. However, some people are worried that once the pricing reform starts, prices will go up generally, thus affecting the people's livelihood. Undoubtedly, the readjustment and reform of prices will lead to changes in prices of various goods and will affect every ordinary household. However, these price changes will only be in the interests of all consumers, as they are urgently required by further production development. The central leadership has assumed a very prudent attitude toward this work, and has clearly laid down an important principle, that is, "to formulate a well-conceived, feasible program based on the growth of production and the capability of state finances and on the premise that the people's real income will gradually be increased, and then to carry it out in a planned and systematic way." Other important principles of the central leadership include the following points: When the prices of some raw materials are raised, the processing enterprises concerned must do their best to offset the impact of the higher production costs, with part of the increased costs being borne by the state through tax reductions and exemptions, so as to avoid a consequent rise in market sales prices of manufactured consumer goods; and when solving the problem of the state purchasing farm and sideline products at prices higher than their selling prices, and when readjusting the prices of consumer goods, the state must adopt effective measures, such as raising wages and subsidies, to ensure that the real income of urban and rural residents does not go down as a result of price readjustments.

So long as we ensure that the growth rate of productivity is higher than the growth rate of prices, the state and people will both be able to sustain the price reform. Since the 3d Plenary Session of the 11th CPC Central Committee, 6 rounds of major price readjustments have been carried out nationwide, and all have achieved satisfactory results. For example, the readjustment of the prices of cotton textiles and synthetic fiber goods has proved very successful. In Guangdong Province, the measures to reduce the scope of state pricing and expanding the scope of floating pricing within prescribed limits and free pricing have also achieved good results, and have provided some successful experience.

At present, the political and economic situation in our country is excellent. With growing production, richer material supply, and stable market conditions, we are able to readjust prices in a positive and orderly way and to avoid overall price increases. Even if the prices of some commodities rise, the people will be fully able to bear the impact and the state will adopt appropriate measures to increase workers' wages and to prevent the people's living standards from being affected. At the same time, the state will strengthen price control and supervision in the course of pricing reform, and no enterprise is allowed to raise the prices of its products without authorization under the pretext of a higher tax payment to the state after the substitution of profit delivery with tax payment, or to raise the prices of its products in order to increase income. It is absolutely impermissible for any unit or individual to boost prices at will by taking advantage of the reform, to deliberately generate a tendency toward a general rise in prices, to disrupt the markets, and to harm the interests of the state and the consumers. All this will ensure the smooth advance of price reform and the successful accomplishment of the overall economic reform.

HENAN DISCIPLINE INSPECTION COMMITTEE MEETS

HK150742 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 13 Dec 84

[Text] The second enlarged plenary meeting of the provincial Discipline Inspection Committee concluded in Xinxiang County on 13 December. The meeting emphatically studied ways of ensuring smooth progress in the economic structural reform through discipline inspection work.

The meeting pointed out that the economic structural reform is an important task of the whole party. Party discipline is a firm guarantee for making smooth progress in the economic structural reform. On such principle matters as party work style, party discipline, and party spirit, the issue of taking a relaxed attitude is always out of the question. There is only one attitude and that is to be bold in criticizing and be good at waging struggle against unhealthy things and trends which may develop in the course of reform. Discipline inspection departments must actively take part in the reforms, resolutely support them, and strive to ensure smooth progress in the economic structural reform.

Closely integrating with the actual conditions of their own local areas, local departments and local units, the participating comrades examined and studied malpractices which have developed under the new situation. The meeting urged discipline inspection departments at the various levels to seriously act in the spirit of the Central Discipline Inspection Commission's circular on resolutely rectifying malpractices which develop under the new situation. The meeting urged them to take resolute measures to check these malpractices. In particular, we should pay attention to rectifying and investigating such malpractices as speculation, reaping staggering profits, arbitrarily increasing prices, and disturbing the market. We should concentrate our efforts on taking advantage of one's office for personnel gain. This is the crux of the rectifying of party work style.

(Li Yinghai), Standing Committee member of the Provincial CPC Committee and secretary of the Provincial Discipline Inspection Committee, made a summary speech at the meeting. He also worked out plans for the future work of the discipline inspection departments. This includes resolutely checking new malpractices. All discipline inspection departments of the second group of units to carry out any party rectification must seriously and actively take part in party rectification. They must really grasp firmly the struggle against economic crimes.

We should handle well people's letters and visits, and increase the volume of these letters and visits. We should also further strengthen the organization of discipline inspection departments.

HENAN COMMENTARY ON CORRECTING UNHEALTHY TRENDS

HK140241 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 13 Dec 84

[Station commentary: "Resolutely Correct Unhealthy Trends in the New Situation"]

[Excerpts] It is essential to have good party style and strict discipline in carrying out reforms of the economic structure. Comrade Chen Yun recently pointed out that reforms cannot be done successfully unless there is good party style. The various unhealthy trends that have emerged in the new situation are in fact new expressions, in the new situation, of the erroneous ideological style of using powers for private purposes. This harms the interests of the state and people and increases and creates difficulties for reform. This newly-emerged unhealthy trend is diametrically opposed to the spirit of the decision of the 3d Plenary Session of the 12th CPC Central Committee. The party and discipline inspection committees at all levels must be bold in tackling this and be strict in investigation and punishment. There must be no connivance and indulgence. The principles of party spirit and party discipline can only be strengthened and cannot be weakened; there is no question of relaxing them at all.

In stressing that party discipline cannot be relaxed, we naturally do not mean repeating the leftist methods of the past in indiscriminately meting out punishment, but upholding shortcomings and errors in reform in a correct and discriminating way.

Reform of the economic structure is a mass exploration and pioneering undertaking. It is extremely complex work. Generally speaking, reform of the economic structure is still in the process of amassing experience. It cannot be perfected all at once. With regard to deviations and errors that crop up in reform, the CPC and discipline inspection committees must adopt the principle of providing guidance for those that are problems of understanding and mistakes in work, and conduct criticism and education. The focus should be on absorbing the lessons. However, they must resolutely set to rights and deal severely with people who indulge in new malpractices, amounting to violations of law and discipline, under the pretext of carrying out reform, so as to ensure the smooth progress of reforms of the economic structure.

GUIZHOU HOLDS DISCIPLINE INSPECTION MEETING

HK190243 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 18 Dec 84

[Excerpts] The Guizhou Provincial CPC Discipline Inspection Commission recently held an enlarged Standing Committee meeting, which demanded that discipline inspection cadres throughout the province seriously study the decision adopted by the 3d Plenary Session of the 12th CPC Central Committee and the documents of the 4th Plenary Session of the Central Discipline Inspection Commission, study the new conditions, and seriously do a good job of discipline inspection work amidst the reforms, to ensure the smooth progress of reform of the economic structure.

The meeting pointed out: The new situation in reform requires that the discipline inspection commissions at all levels uphold the ideological line of seeking truth from facts and resolutely implement party discipline. Discipline inspection work should not evade certain problems that have prominently emerged in the current reforms, nor should it draw subjective, one-sided conclusions without getting a clear picture of the circumstances. The discipline inspection commissions should strive to devote more time and effort to going into the practice of reform and among the masses to study the new conditions. There should be no rush to handle problems that are unclear for the time being. The chief criterion for testing whether a thing is right or wrong is to see whether it helps to develop the social productive forces and benefits the interests of the state and the people. We should not regard problems of understanding as violations of discipline, nor should we regard as such violations the shortcomings and errors that occur due to lack of experience.

The meeting stressed: The new situation of reform demands that the discipline inspection commissions at all levels guard against and correct new unhealthy trends that appear in the new situation. It is necessary to focus on investigating and punishing instances of serious bureaucratism and use of power for private purposes. At present we must concentrate on correcting two unhealthy trends. One is that of arbitrarily hiking prices, thus harming the interests of the state and the consumers; the other is that of taking advantage of loopholes and weak links in reform to pursue private individual and sectoral interests.

The meeting pointed out in conclusion: To ensure the smooth progress of reforms of the economic structure, the discipline inspection cadres at all levels must have a correct understanding of the following issues:

1. There is no question of relaxing the principles of party spirit and party discipline. Every party member must persistently act according to the basic guidelines laid down by the party Constitution and the guiding principles on inner-party political life, and spontaneously regard party discipline as the norm for his words and deeds.
2. It is necessary to strengthen the building of party style and party discipline in the course of reform. Good party style and discipline should be applied to ensure the smooth progress of reform of the economic structure.
3. Integrate boldness in tackling tough problems with the scientific attitude of seeking truth from facts. We must both resolutely support reform and also be bold to check on and correct certain unhealthy things in reform that interfere with reform. We must not adopt a laissez-faire attitude for fear of hampering reforms. We must not exaggerate the negative aspects of reform without distinguishing between the main and the secondary currents, nor must we be quick to censure and investigate mistakes that can hardly be avoided in the course of exploration.

SICHUAN SOLVES CHANG JIANG SHIPPING PROBLEMS

HK180920 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 17 Dec 84

[Text] According to SICHUAN RIBAO, the province's fleet can now sail unimpeded on the Chang Jiang. Problems such as fuel supply, passing through locks, skirting shoals, piloting into harbors and ship repair have been overcome.

Early this year, SICHUAN RIBAO and the province's radio service learned from the authorities concerned that the province's fleet faced difficulties when sailing from the province, thereby seriously affecting the development of the province's transportation. After the facts were reported to the provincial CPC Committee, the CPC Central Committee soon also learned about this and attached great importance to the matter. With the close attention of central leading comrades concerned, the industrial and commercial department introduced the invoice method to solve problems in fuel supply. In addition, Gezhouba improved its lock administration and helped ships pass through the locks. The transport department invested 2.3 million yuan in building and repairing nine small gates. The departments responsible for administering Chang Jiang navigation established five new pilot stations along the river. Therefore, the four major problems of the province's fleet eventually were overcome.

In addition to this, the departments concerned built a ship repairing center on the middle reaches of the river, thereby further solving problems in finding a committee for navigation information and cooperation, which were formed by 15 units such as transportation departments and departments in charge of river navigation in various cities of adjoining provinces. They have made concerted efforts to solve problems in information exchange, staff training, developing new source of goods, production and transportation, navigation in ports, navigation administration, structural reform, as well as water quality protection.

Since the central authorities attached great importance to the matter and various areas have given support to the work, the three provinces in southwest China this year have increased the transport of goods on the river by more than 50 percent compared with last year.

XIZANG COMMISSAR WANG XINQIAN ON RECTIFICATION

HK190440 Lhasa Xizang Regional Service in Mandarin 1130 GMT 17 Dec 84

[Excerpts] While inspecting work not long ago in units directly under the Xizang Military District, Wang Xinqian, political commissar of the Xizang Military District, called on all commanders and fighters in the district to firmly grasp study of the documents on party rectification and to thoroughly negate the Cultural Revolution.

In the course of his inspection, the political commissar found that some comrades still have confused ideas about the Cultural Revolution, and hold that the Cultural Revolution should be assessed as 70 percent good and 30 percent wrong, or 80 percent good and 20 percent wrong, on the grounds that the Nanjing Zhang Jiang river bridge, which was designed and built by China itself, was completed and satellites were launched during the Cultural Revolution.

In view of the above wrong ideas, Comrade Wang Xinqian seriously pointed out wherever he went that it is wrong to assess the Cultural Revolution as 70 percent good and 30 percent wrong or 80 percent good and 20 percent wrong. Only by earnestly studying documents on party rectification, particularly by having a deep understanding of the resolution on certain questions within the party since the founding of the PRC, which was adopted by the 3d Plenary Session of the 11th CPC Central Committee, and other relevant important documents, it is possible for us to thoroughly negate the Cultural Revolution ideologically.

Comrade Wang Xinqian said: As a result of 10 years of internal disorder, our party has been seriously harmed, our people have had a wound which is difficult to heal, and our Army has also suffered from the disaster. During the Cultural Revolution our science and technology was stagnant, the national economy retrogressed, and the people's livelihood failed to be upgraded. There were indeed some achievements during the Cultural Revolution, such as the building of the Nanjing Zhang Jiang River bridge and the launching of satellites. But these were not achievements caused by the Cultural Revolution, but the result of protracted struggle waged by our party and people against the gang of four and against to the Cultural Revolution. The Cultural Revolution must be thoroughly negated.

All PLA units in the Xizang Military District are now earnestly and deeply studying the documents on party rectification, restudying the resolution, and conducting education in thoroughly negating the Cultural Revolution.

YUNNAN RIBAO ON KNOWLEDGE, OBSERVATION OF LAW

HK150627 Kunming YUNNAN RIBAO in Chinese 4 Dec 84 p 1

[Commentator's article: "It Is Essential To Ensure That Every Citizen Knows and Abides by the Law"]

[Text] Today is the second anniversary of the promulgation of the "Constitution of the People's Republic of China", and activities of the "day of propaganda for the Constitution" have begun in all the places in the province. Since the promulgation of the constitution 2 years ago, all departments and districts have done a lot of work and achieved great successes in the propaganda and implementation of the Constitution, greatly strengthened the concept of the legal system among the cadres and the masses of all nationalities, and steadily pushed ahead with all kinds of undertakings, thus showing the might of the Constitution as the fundamental law of the country.

At present, on the basis of the great changes in the economic situation in the countryside, the 3rd Plenary Session of the 12th CPC Central Committee has made the important decision to introduce reforms of economic structure in the cities. The achievements of the economic policies of our party in the countryside need to be strengthened and protected by the law, and the reform of the economic structure in the cities also need the law as its backing. So it is very important to make full use of this "day of propaganda for the Constitution" to give the broad masses of people an extensive and profound education and propaganda in common knowledge of the constitution, to mobilize the cadres and the masses of all nationalities in our province to review the Constitution, publicize the Constitution, and examine the situation of the implementation of the Constitution, so as to strengthen the concept of the legal system and steadily push ahead with the reform of the economic structure and the fundamental improvement of the public order of the country.

The 10-year internal disorder, with its "total lawlessness," made the party and the people suffer a lot. The 3rd Plenary Session of the 11th CPC Central Committee profoundly summarized the experience and lessons in this respect and pointed out: "In order to protect and maintain the people's democracy, we must strengthen the socialist legal system, regularize and legalize democracy, and let this kind of systems and laws have stability, continuity, and great authority, so that we can have laws to depend on, to strictly carry out, and to punish those who violate them." This shows that in order to maintain long-term stability and order in our country, we must depend on a sound socialist legal system. Now we already have the Constitution, which is suited to the needs of the building of socialist modernization, and a number of important laws.

Our province has also made some local laws and regulations, and some important and necessary laws and local regulations are still in the process of being made. This legislation work should continue to be strengthened in the future. Now that we have the laws to depend on, we should pay attention to the fact that there are still some phenomena that do not conform to the laws. This because people are not familiar with the law, do not pay attention to, or are not accustomed to doing things according to the law. So we must take the broad masses of cadres and people firmly acquire the concept of legal system and clearly understand that everyone is equal in front of the law and no one has the privilege to go beyond the law; we must make people understand the laws that have already been made, conscientiously observe, safeguard, and carry out the Constitution and laws and cultivate the habit of doing things according to the law. Thus we need to carry out extensive and profound propaganda, education, and popularization work so as to make the Constitution and knowledge of laws widely known.

The perfection of the socialist legal system is a long-term and arduous task. Education in the legal system cannot be carried out in one day, but need perseverance. We should therefore not only concentrate on carrying out the activities of education on the "day of propaganda for the Constitution," but also pay attention to regular propaganda and education in the legal system. The 12th CPC Congress pointed out: "Propaganda and education in the legal system should be repeatedly carried out among the people of the whole country, from primary school; the schools at all levels should offer courses in education in the legal system to try to make every citizen know and observe the laws; and especially to educate and supervise the broad masses of party members to take the lead in observing the Constitution and the laws." In the years to come, our province must popularize common knowledge of the Constitution and the laws, which is a task of great importance. Yunnan is a frontier province with many nationalities, so making a success of this work will, in legal system, protect and push ahead with the development of the economy and culture of the national autonomous areas in our province.

To carry out the work of propaganda and education in the legal system is not something that only the judicial departments should do, but is also a common task for all trades and professions, including all the state organs, Armed Forces, political parties, mass organizations, enterprises, and institutions. It is believed that great success will be achieved so long as the CPC committees at all levels strengthen their leadership, all the judicial departments and relevant departments work hard, the leading cadres at all levels take the lead in the study and observation of the laws, and, in line with the local conditions and in connection with the realities of their own districts and units, various forms that are welcomed by the masses are adopted to regularize, institutionalize and systematize propaganda and education in the legal system.

HEILONGJIANG RECTIFICATION STATUS 'GRATIFYING'

SK190824 Harbin HEILONGJIANG RIBAO in Chinese 4 Dec 84 p 1

[Excerpts] As of the end of November, 35 of the 76 provincial-level party rectification units of the first and second groups had basically finished the work of concentrating on carrying out rectification and correcting mistakes. A new gratifying situation in office work and economic reform has emerged in these units.

These units further eliminated "leftist" influence and conventional ideas, corrected guiding ideology for professional work, and scored new achievements in their work.

In light of the existing problems of party members, these units simultaneously conducted education on thoroughly negating the "Great Cultural Revolution," eliminating factionalism and enhancing party spirit. The Cultural Department, the Bureau of Statistics, and the Construction Commission concentrated on eliminating the remaining influence of factionalism. Many units also concentrated on eliminating the baneful influence of the "Great Cultural Revolution" and the habits inherited from it.

During the period of conducting rectification and correcting mistakes, the units also conscientiously implemented the policy towards intellectuals. They conscientiously helped intellectuals improve housing and working conditions as well as solve their difficulties in joining the party. They promoted many excellent intellectuals to leading posts. The Organization Department of the provincial CPC Committee conducted a general investigation into the implementation of the policy towards intellectuals. The average age of the 70 reserve cadres at the commission level at the provincial Planning Commission is 42. All of them are college graduates. Six of the seven newly-promoted cadres at the section level are university graduates. Among the 11 newly-recruited party members at the provincial Construction Commission there are 10 intellectuals. The newly-appointed secretary and deputy secretary of the party committee of the Provincial Urban Planning Design Institute and the newly-appointed president of the institute graduated from universities in the 1960's.

There are 41 provincial-level units undertaking the work of concentrating on carrying out rectification and correcting mistakes. They will basically finish the work by the 1985 Spring Festival.

HEILONGJIANG, OTHER PROVINCES PROMOTE COOPERATION

SK190706 Harbin HEILONGJIANG RIBAO in Chinese 2 Dec 84 p 1

[Excerpts] Thanks to the implementation of the guiding policy of "conducting system reform and technical transformation and opening to other provinces and foreign countries" formulated by the provincial CPC Committee, provincial departments and various localities of the province had established economic and technical cooperation relations with 20 provinces, municipalities, and autonomous regions, including Beijing, Tianjin, Shanghai, Liaoning, Jiangsu, Shandong, Shanxi, Hebei, Sichuan, Nei Monggol, Gansu, Ningxia, and Xinjiang, and more than 130 prefectures and cities by the end of November, according to statistics of departments concerned. More than 1,500 agreements were signed, more than 250 of which were related to joint development. Extensive economic and technical cooperation has played a positive role and yielded encouraging results in importing funds and advanced technology from other provinces, accelerating the province's development of resources and transformation of old enterprises, promoting commodity circulation, exporting technology, and improving the economic results of enterprises.

This year, our province and Liaoning and Jilin Provinces reached agreements based on mutual benefit regarding cooperation in the areas of coal, steel, coke, and iron ore.

Full use of our province's coal resources and the smelting capacity of other provinces narrowed the difference between our province, which is superior in resources, and other provinces which have economic advantages. This has helped to considerably solve our province's shortage of rolled steel and iron ore.

Last year, our province's light industrial, textile, and medical fields conducted technical cooperation with Shanghai, thus increasing product variety by 408, output value by 12.6 million yuan per year, profits by 1.34 million yuan, and taxes by 726,000 yuan. Through technical cooperation, the 13 enterprises under the second light industrial bureau increased their output value by 4.12 million yuan and profits by 760,000 yuan. Cooperating with Shanghai in 15 projects, 11 enterprises in the textile field improved 214 production methods, thus better fulfilling the 20 quality targets for 8 major products.

GUO FENG ATTENDS LIAONING RECRUITMENT MEETING

SK181306 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 17 Dec 84

[Text] The provincial CPC Committee held a meeting of nonparty figures this afternoon to seek recommendations of talented personnel. The meeting urged nonparty figures to recommend able people so as to make contributions to building leading bodies at provincial and city levels, which will be full of young people and revolutionaries who are well educated and full of specialized knowledge.

Among those who were invited to the meeting were responsible persons of various democratic parties throughout the province; nonparty figures; and noted figures from various social circles -- 130 persons in all.

Xu Shaofu, secretary of the provincial CPC Committee, delivered a speech in which he stated: In recruiting and employing personnel in the past, we had the following shortcomings:

1. We only depended on a few personnel of the party committees and the personnel offices to discover, examine, and select candidates for cadres.
2. We had a relatively narrow field of vision in seeking personnel and have looked down on knowledge and ignored the importance of intellectuals.
3. We have had a lot of out-of-date regulations and rules in mind in employing personnel.

At present, we should bring about a change in this regard and must bring into full play the role of various democratic parties and nonparty figures in this work. He urged the participants and various localities to strengthen their belief in communism so that they can pick up a number of talented people who have courage and insight, are selfless and fearless, are determined to engage in transformation, boldly create something new, and always maintain an exploitative spirit and keep forging ahead among the cadres who acted well in the Great Cultural Revolution, understand managerial techniques well and are good at managerial affairs.

Guo Feng, first secretary of the provincial CPC Committee, also delivered a speech at the meeting.

Comrades attending the meeting stated: This is the first meeting sponsored by the provincial CPC Committee on such a topic. We are determined to use our heads to do a good job in recommending talented people in line with the four requirements of selecting cadres to the leading bodies at provincial and city levels.

PRC MAY RELEASE JAILED HONG KONG RESIDENTS

HK190323 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 84 p 1

[By Terry Cheng]

[Text] The early release of Hong Kong residents in Chinese jails on espionage or counter-revolutionary charges is on the cards. The possibility exists following leniency shown recently to other prisoners on similar charges. However, Peking may encounter difficulties in finding the right way to go about sanctioning their release. Mr Liu Sanqing and Mr Huang Xian are perhaps the two best-known Hong Kong men languishing in Chinese prisons. Mr Liu (30), an engineer, was jailed for 10 years for counterrevolutionary activities and Mr Huang (33), a lawyer, was jailed for 15 years for espionage. Sources, who have information about their latest situation say the possibility of an early release does exist.

Peking has recently dealt leniently with other prisoners on similar charges. On Monday, a Hong Kong man serving a 5-year sentence in China for spying for Taiwan was allowed to return to the territory for medical treatment. The man was jailed on July 20 in Hunan Province for being an agent of the Kuomintang. He became ill in jail and he and his daughter applied to the courts for his return to Hong Kong for medical treatment. They have left Changsha en route to Hong Kong.

Mr Luo Fu, a former editor of a pro-Peking newspaper in Hong Kong, was paroled last year while serving a 10-year sentence for spying. Mr Li Guangyi, a former editor with a financial newspaper published in Peking, was reported to have been freed recently from prison where he was serving a 5-year term for passing on "party and state secrets" to foreigners. The reasons for Mr Li's release have not been disclosed.

It was also reported by CHINA SPRING magazine, which has connections with mainland dissidents, that Peking had intended to free a number of dissidents in an amnesty on the eve of the 35th anniversary of the founding of People's Republic of China in October. Somehow, the release became bogged down when Taipei freed several dissidents in Taiwan, the magazine reported.

Sources said Canton authorities had indicated that Mr Liu might be freed if petitioning for his release was renewed. Orders for his arrest at the time were said to have come from higher authorities. Mr Liu was said to be working in a Canton prison factory and his physical condition was described as good. However, whether the organisation's status and its petition will be acceptable to China's leadership remains to be seen.

In the case of Mr Huang, sources said, he has never admitted being guilty as charged. However, it was believed that a solution would be found and that he would be allowed to leave the country.

Local observers were divided on Peking's motive for considering the early release of prisoners on political charges. Some thought certain sectors in the Chinese leadership wanted to rectify injustices done to the men. The grounds for imprisoning Mr Liu and Mr Huang may have been found to have been insufficient. The liberalisation and democratisation in China might be another reason, some thought. However, China's reunification strategy with Taiwan in the post-1997 era may also have something to do with it. This could be true in the case of the Taiwan spy who was freed on Monday. "The early release is necessary in view of the post-agreement scenario in Hong Kong and the reunification overture to Taiwan," a source said.

Mr Liu was arrested in late 1981 in Canton when he visited relatives of two mainland political prisoners. It was disclosed in March last year, 26 months after his disappearance that he had been tried and jailed for 10 years on counterrevolutionary charges. Mr Huang was jailed for 15 years for passing secret information about China's energy and economic plans to another country.

FOREIGN CURRENCY HOARDING POSES PROBLEMS FOR PRC

HK190255 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 84 p 15

[By a staff correspondent]

[Text] China may be having second thoughts about issuing a special currency for the Special Economic Zones [SEZ], it was learned yesterday. The new currency was originally proposed to counter the confusion caused by the circulation of a number of currencies, both local and foreign, in those economic zones at the expense of the national currency, the renminbi. The reconsideration has been prompted by strong objections from certain quarters, both domestic and abroad, to the ill effects of a third, or fourth, currency in the country in spite of the argument that SEZ money could only be circulated in SEZs. The widespread, though illegal, use of the foreign exchange certificates in such remote areas as the northwest has been cited as an example.

But an even more serious problem is confronting the country's financial experts. Although never admitted officially, the people in many affluent areas of the country are hoarding foreign currencies, which they obtain by various means, either as a hedge against leaner times or to buy foreign commodities less readily available in the parts of the country.

The exact figures said to have been put aside by the people is never known but estimates range from US\$1 to US\$3 billion (about HK\$23.4 billion), approximately the reserve of a medium-sized country and much better than that of a starving Third World country. This figure is all the more alarming when compared with the declared reserve, as disclosed by the finance minister, Mr Wang Bingqian, of US\$16 billion (about HK\$124.8 billion).

Interpretation of this state of affairs varies from one financial expert to another, but the fact remains that the people in general are weary of the value of the national currency with which they are paid or in which they trade, in the wake of mounting inflation, officially discounted, following the introduction of the new economic measures to prompt the productive force. Not only are the people hoarding such coveted banknotes of Hong Kong and American origin, but it is believed Japanese yen, British sterling, French franc and Western German mark are also being collected if and when available.

A cursory examination of the intrinsic value of the renminbi reveals, by official account, a devaluation of as much as 25 percent, when compared against the U.S. dollar in two years. The most recent revision was only a month ago. The traditional argument of the need for the devaluation of a country's currency is that this would promote exports and increase the national coffers. However, while China's exports have increased tremendously, anyone who frequently goes to China or who pays a little attention to life in that country realises that such an argument does not hold any ground because of the country's controlled economy. A more winning argument is the imports, both legitimate or through illegal means, of foreign products and the widespread circulation of foreign currencies.

Regular visitors to China noted that the situation has "deteriorated" rapidly in the past two or three years when the yearning for a better life and demand for better quality foreign goods reached a frenzied pitch.

A resident foreign businessman recently told of the story that his interpreter was proud of the fact that the television set at his home was better than his foreign guest's. The demand for high-quality products, which as a rule are available in the more affluent and more industrialized cities such as Canton and Shanghai, is so great that many people in the less-endowed urban areas and countryside flock to these cities in search for household commodities.

What was once the "Old China's" regular sight of Dan Bang (a now almost forgotten word for people moving back and forth between cities in difficult times making money out of goods they traded) has returned in intensity.

Visitors tell of trains and boats to Canton and Shanghai not only from neighbouring provinces but those further afield, jam-packed not only with people but with goods of all kinds -- as people took home their newly acquired, much treasured household goods that could range from an expensive foreign colour television set to a quality leather sofa.

The situation is all the more confusing as small "syndicates" organise wholesale purchase of goods to be sent back home for resale at a lucrative profit. One story tells of long convoys of lorries travelling all the way from Tianjin to Canton for stocks and back. The fuel expense and wages paid to this contingent of drivers and attendants plus the maintenance and wear and tear of the convoy would have been exorbitant. The fact that such convoys are plying their trade is telling evidence that in spite of such almost astronomical (by the standard of an ordinary working man in China) expenses, a good profit could still be had.

Such problems are not unknown to the leadership, but apparently this is considered as a temporary phenomenon and that the transition period will soon come to pass when the general standard of living of the people as a whole will be increased. There are, however, dissenting voices and these are manifested in a strong editorial in the mouthpiece of the Army, the LIBERATION ARMY DAILY.

The reservations about too rapid a reform in the economic system are apparently shared by some of the more orthodox Marxist economists. Certain analysts believe such senior leaders as Mr Chen Yun, who believed in the more conservative approach of the 1950s, very liberal nevertheless as it was in the eyes of Mao Zedong, are less than happy about the present situation. Mr Chen is believed to be spending much of his time in Hangzhou, the picturesque ancient city in east China rather than staying in the capital. While this may be because of the more temperate weather in the south, some analysts may feel that his less than happy disposition with regard to current economic trends could be a contributing cause.

If rumours and estimates of this hoarding of up to HK\$23.4 billion are true, this could have a serious effect on the country's economy. The ramifications have yet to be fully assessed. The country's foreign exchange reserves are estimated at US\$16 billion (about HK\$124.8 billion) and the government has announced that about US\$14 billion (about HK\$109.2 billion) would be expended in importing and improving technology. Although the benefits of the imported technology would be ploughed back into the reserves this would still mean a drastic reduction in the reserves.

At the same time, it must be borne in mind that the HK\$7.8 billion to HK\$23.4 billion of foreign exchange stacked away by the populace against further devaluation of the RMB was only the start, beginning as it did only three years ago. As the years go by more foreign exchange is expected to be put away, indirectly dealing a blow to the nation's economy.

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